

House File 683

HOUSE FILE _____
BY GIPP and MYERS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development, financial, taxation, and
2 regulatory matters, making and revising appropriations,
3 modifying penalties, providing a fee, and including effective,
4 applicability, and retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 HF 683
7 tm/es/25

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1 1 DIVISION I
1 2 STATE EMPLOYEE SALARIES
1 3 Section 1. 2003 Iowa Acts, Senate File 458, section 48,
1 4 unnumbered paragraphs 1 and 2, if enacted, are amended to read
1 5 as follows:
1 6 There is appropriated from the general fund of the state to
1 7 the salary adjustment fund for distribution by the department
1 8 of management to the various state departments, boards,
1 9 commissions, councils, and agencies, and to the state board of
1 10 regents for those persons employed at the state school for the
1 11 deaf and the Iowa braille and sight saving school, for the
1 12 fiscal year beginning July 1, 2003, and ending June 30, 2004,
1 13 the amount of ~~\$28,000,000~~ \$30,000,000, or so much thereof as
1 14 may be necessary, to fully fund annual pay adjustments,
1 15 expense reimbursements, and related benefits implemented
1 16 pursuant to the following:
1 17 Of the amount appropriated in this section, ~~\$2,668,000~~
1 18 \$2,818,000 shall be allocated to the judicial branch for the
1 19 purpose of funding annual pay adjustments, expense
1 20 reimbursements, and related benefits implemented for judicial
1 21 branch employees. In distributing the remainder of the amount
1 22 appropriated in this section, the department of management, in
1 23 order to address essential public protection functions and
1 24 recognizing the availability of funds appropriated in other
1 25 Acts of the general assembly and other sources, shall give
1 26 priority, in descending order, to the department of
1 27 corrections, department of human services, and department of
1 28 public safety, and then to the remaining state departments,
1 29 boards, commissions, councils, and agencies to which the
1 30 appropriation is applicable.
1 31 Sec. 2. STATE COURTS == JUSTICES, JUDGES, AND MAGISTRATES.
1 32 1. Of the amount allocated for the judicial branch in 2003
1 33 Iowa Acts, Senate File 458, section 48, if enacted, \$150,000
1 34 is allocated to fund the changes in this section to the
1 35 salaries of justices, judges, and magistrates.
2 1 2. The following annual salary rates shall be paid to the
2 2 persons holding the judicial positions indicated during the
2 3 fiscal year beginning July 1, 2003, effective with the pay
2 4 period beginning December 5, 2003, and for subsequent pay
2 5 periods:
2 6 a. Chief justice of the supreme court:
2 7 \$ 127,040
2 8 b. Each justice of the supreme court:
2 9 \$ 122,500
2 10 c. Chief judge of the court of appeals:
2 11 \$ 122,380
2 12 d. Each associate judge of the court of appeals:
2 13 \$ 117,850
2 14 e. Each chief judge of a judicial district:
2 15 \$ 116,760
2 16 f. Each district judge except the chief judge of a
2 17 judicial district:
2 18 \$ 112,010
2 19 g. Each district associate judge:
2 20 \$ 97,610
2 21 h. Each associate juvenile judge:
2 22 \$ 97,610

2 23 i. Each associate probate judge:
 2 24 \$ 97,610
 2 25 j. Each judicial magistrate:
 2 26 \$ 29,100
 2 27 k. Each senior judge:
 2 28 \$ 6,500
 2 29 3. Persons receiving the salary rates established under
 2 30 subsection 2 shall not receive any additional salary
 2 31 adjustments provided by 2003 Iowa Acts, Senate File 458,
 2 32 division V.

2 33 DIVISION II
 2 34 APPROPRIATIONS AND APPROPRIATIONS REVISIONS
 2 35 INSURANCE DIVISION

3 1 Sec. 3. INSURANCE STUDY. There is appropriated from the
 3 2 general fund of the state to the department of commerce for
 3 3 the fiscal year beginning July 1, 2003, and ending June 30,
 3 4 2004, the following amount, or so much thereof as is
 3 5 necessary, to be used for the purpose designated:
 3 6 For the insurance division to implement the school health
 3 7 insurance reform team study in accordance with 2003 Iowa Acts,
 3 8 Senate File 386:
 3 9 \$ 15,000

3 10 DEPARTMENT OF MANAGEMENT

3 11 Sec. 4. LOCAL GOVERNMENT INNOVATION FUND APPROPRIATION.
 3 12 There is appropriated from the general fund of the state to
 3 13 the department of management for the fiscal year beginning
 3 14 July 1, 2003, and ending June 30, 2004, the following amount,
 3 15 or so much thereof as is necessary, to be used for the purpose
 3 16 designated:
 3 17 For deposit in the local government innovation fund created
 3 18 in section 8.64:
 3 19 \$ 1,000,000
 3 20 Notwithstanding section 8.64, subsection 4, if enacted by
 3 21 2003 Iowa Acts, Senate File 453, section 27, the local
 3 22 government innovation fund committee may provide up to 20
 3 23 percent of the amount appropriated in this section in the form
 3 24 of forgivable loans or as grants for those projects that
 3 25 propose a new and innovative sharing initiative that would
 3 26 serve as an important model for cities and counties.

3 27 DEPARTMENT OF HUMAN SERVICES

3 28 Sec. 5. COUNTY HOSPITALS. There is appropriated from the
 3 29 general fund of the state to the department of human services
 3 30 for the fiscal year beginning July 1, 2003, and ending June
 3 31 30, 2004, the following amount, or so much thereof as is
 3 32 necessary, for the purpose designated:
 3 33 For support of mental health care services provided to
 3 34 persons who are elderly or poor by county hospitals in
 3 35 counties having a population of two hundred twenty-five
 4 1 thousand or more:
 4 2 \$ 312,000

4 3 Sec. 6. 2003 Iowa Acts, House File 667, section 13,
 4 4 subsection 2, is amended to read as follows:
 4 5 2. The department may either continue or reprocure the
 4 6 contract existing on June 30, 2003, with the department's
 4 7 fiscal agent. If the department initiates reprocurement of
 4 8 the contract, of the amount appropriated in this Act for the
 4 9 medical assistance program, up to \$500,000 may be used to
 4 10 begin the implementation process.

4 11 DEPARTMENT OF CORRECTIONS

4 12 Sec. 7. There is appropriated from the rebuild Iowa
 4 13 infrastructure fund to the department of corrections for the
 4 14 fiscal year beginning July 1, 2003, and ending June 30, 2004,
 4 15 the following amounts, or so much thereof as is necessary, to
 4 16 be used for the purposes designated:
 4 17 1. For expansion of the Luster Heights facility into a
 4 18 community-based corrections facility and an institutional work
 4 19 and substance abuse treatment center:
 4 20 \$ 92,000
 4 21 2. For conversion of the Clarinda lodge into minimum
 4 22 security bed space:
 4 23 \$ 730,400

4 24 Sec. 8. 2003 Iowa Acts, Senate File 439, section 4,
 4 25 subsection 1, paragraphs b and g, as enacted, are amended to
 4 26 read as follows:
 4 27 b. For the operation of the Anamosa correctional facility,
 4 28 including salaries, support, maintenance, employment of
 4 29 correctional officers and a part-time chaplain to provide
 4 30 religious counseling to inmates of a minority race,
 4 31 miscellaneous purposes, and for not more than the following
 4 32 full-time equivalent positions:
 4 33 \$ ~~24,531,917~~

4 34 25,196.085
 4 35 FTEs 375.75
 5 1 385.25
 5 2 Moneys are provided within this appropriation for one full=
 5 3 time substance abuse counselor for the Luster Heights
 5 4 facility, for the purpose of certification of a substance
 5 5 abuse program at that facility. Of the funds appropriated in
 5 6 this paragraph "b", \$664,168 is allocated for implementation
 5 7 costs associated with expansion of the Luster Heights
 5 8 facility.
 5 9 g. For the operation of the Clarinda correctional
 5 10 facility, including salaries, support, maintenance, employment
 5 11 of correctional officers, miscellaneous purposes, and for not
 5 12 more than the following full-time equivalent positions:
 5 13 \$ ~~18,595,788~~
 5 14 19,389,220
 5 15 FTEs 291.76
 5 16 304.58
 5 17 Moneys received by the department of corrections as
 5 18 reimbursement for services provided to the Clarinda youth
 5 19 corporation are appropriated to the department and shall be
 5 20 used for the purpose of operating the Clarinda correctional
 5 21 facility.
 5 22 Of the funds appropriated in this paragraph "g", \$793,432
 5 23 is allocated for implementation costs associated with
 5 24 expansion of the conversion of the Clarinda lodge, with
 5 25 \$277,500 of the allocation for one-time costs and \$515,932 for
 5 26 ongoing costs.
 5 27 PUBLIC TRANSIT
 5 28 Sec. 9. 2003 Iowa Acts, Senate File 458, section 8, if
 5 29 enacted, is amended to read as follows:
 5 30 SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.
 5 31 Notwithstanding section 312.2, subsection 14, the amount
 5 32 appropriated from the general fund of the state under section
 5 33 312.2, subsection 14, to the state department of
 5 34 transportation for public transit assistance under chapter
 5 35 324A for the fiscal year beginning July 1, 2003, and ending
 6 1 June 30, 2004, is reduced by the following amount:
 6 2 \$ ~~1,298,675~~
 6 3 2,582,800
 6 4 OFFICE OF THE GOVERNOR
 6 5 Sec. 10. 2003 Iowa Acts, House File 655, section 5,
 6 6 subsection 1, if enacted, is amended to read as follows:
 6 7 1. GENERAL OFFICE
 6 8 For salaries, support, maintenance, and miscellaneous
 6 9 purposes for the general office of the governor and the
 6 10 general office of the lieutenant governor, and for not more
 6 11 than the following full-time equivalent positions:
 6 12 \$ ~~1,243,643~~
 6 13 1,493,643
 6 14 FTEs 17.25
 6 15 19.25
 6 16 Of the amount appropriated in this section, \$250,000 is
 6 17 allocated for two full-time equivalent positions in the office
 6 18 of the governor that were previously funded by other state
 6 19 departments and agencies.
 6 20 DEPARTMENT OF REVENUE
 6 21 Sec. 11. 2003 Iowa Acts, House File 655, section 31, if
 6 22 enacted, is amended to read as follows:
 6 23 SEC. 31. DEPARTMENT OF REVENUE. There is appropriated
 6 24 from the general fund of the state to the department of
 6 25 revenue for the fiscal year beginning July 1, 2003, and ending
 6 26 June 30, 2004, the following amounts, or so much thereof as is
 6 27 necessary, to be used for the purposes designated, and for not
 6 28 more than the following full-time equivalent positions used
 6 29 for the purposes designated in subsection 1:
 6 30 FTEs 378.87
 6 31 380.87
 6 32 Of the full-time equivalent positions authorized in this
 6 33 section, two full-time equivalent positions are allocated for
 6 34 new positions to assist in preparation of information for the
 6 35 revenue estimating conference and in improving the turnaround
 7 1 time for processing corporate tax filings.
 7 2 1. COMPLIANCE == INTERNAL RESOURCES MANAGEMENT == STATE
 7 3 FINANCIAL MANAGEMENT == STATEWIDE PROPERTY TAX ADMINISTRATION
 7 4 For salaries, support, maintenance, and miscellaneous
 7 5 purposes:
 7 6 \$ ~~23,259,111~~
 7 7 23,359,111
 7 8 Of the funds appropriated pursuant to this subsection,
 7 9 \$400,000 shall be used to pay the direct costs of compliance

7 10 related to the collection and distribution of local sales and
7 11 services taxes imposed pursuant to chapters 422B and 422E.

7 12 The director of revenue shall prepare and issue a state
7 13 appraisal manual and the revisions to the state appraisal
7 14 manual as provided in section 421.17, subsection 18, without
7 15 cost to a city or county.

7 16 2. COLLECTION COSTS AND FEES

7 17 For payment of collection costs and fees pursuant to
7 18 section 422.26:

7 19 \$ 28,166

7 20 DEPARTMENT OF PUBLIC HEALTH

7 21 Sec. 12. 2003 Iowa Acts, House File 667, section 2,
7 22 subsection 8, as enacted, is amended to read as follows:

7 23 8. INFECTIOUS DISEASES

7 24 For reducing the incidence and prevalence of communicable
7 25 diseases, and for not more than the following full-time
7 26 equivalent positions:

7 27 \$ 977,340

7 28 1,074,888

7 29 FTEs 36.90

7 30 DIVISION III

7 31 MISCELLANEOUS PROVISIONS

7 32 Sec. 13. GOVERNMENT OVERSIGHT COMMITTEE == REVIEW OF
7 33 CONTINUING CARE RETIREMENT COMMUNITIES == ASSISTED LIVING
7 34 PROGRAM APPLICABILITY. The government oversight committees
7 35 shall review the application of chapter 231C, relating to
8 1 assisted living programs, to continuing care retirement
8 2 communities, as defined in section 523D.1. The committees
8 3 shall submit recommendations for any legislation deemed
8 4 necessary for consideration during the 2004 regular
8 5 legislative session.

8 6 Sec. 14. Section 7J.1, subsection 1, as enacted by 2003
8 7 Iowa Acts, Senate File 453, section 32, and amended by 2003
8 8 Iowa Acts, Senate File 458, section 85, is amended to read as
8 9 follows:

8 10 1. DESIGNATION OF CHARTER AGENCIES == PURPOSE. The
8 11 governor may, by executive order, designate state departments
8 12 or agencies, as described in section 7E.5, or the Iowa lottery
8 13 authority established in chapter 99G, other than the
8 14 department of administrative services, if the department is
8 15 established in law, or the department of management, as a
8 16 charter agency by July 1, 2003. The designation of a charter
8 17 agency shall be for a period of five years which shall
8 18 terminate as of June 30, 2008. The purpose of designating a
8 19 charter agency is to grant the agency additional authority as
8 20 provided by this chapter while reducing the total
8 21 appropriations to the agency.

8 22 Sec. 15. Section 15E.193B, subsection 4, Code 2003, as
8 23 amended by 2003 Iowa Acts, Senate File 458, section 100, if
8 24 enacted, is amended to read as follows:

8 25 4. The eligible housing business shall complete its
8 26 building or rehabilitation within two years from the time the
8 27 business begins construction on the single-family homes and
8 28 dwelling units. The failure to complete construction or
8 29 rehabilitation within two years shall result in the eligible
8 30 housing business becoming ineligible and subject to the
8 31 repayment requirements and penalties enumerated in subsection
8 32 7. The department may extend the prescribed two-year
8 33 completion period for any current or future project which has
8 34 not been completed if the department determines that
8 35 completion within the two-year period is impossible or
9 1 impractical as a result of a substantial loss caused by flood,
9 2 fire, earthquake, storm, or other catastrophe. For purposes
9 3 of this subsection, "substantial loss" means damage or
9 4 destruction in an amount in excess of thirty percent of the
9 5 project's expected eligible basis as set forth in the eligible
9 6 housing business's application.

9 7 Sec. 16. Section 215.14, Code 2003, is amended to read as
9 8 follows:

9 9 215.14 APPROVAL BY DEPARTMENT.

9 10 A commercial weighing and measuring device shall not be
9 11 installed in this state unless approved by the department.

9 12 ~~All livestock scales and~~

9 13 1. A pit type scales scale or any other scale installed in
9 14 a pit, regardless of capacity, that is installed on or after
9 15 July 1, 1990, shall have a clearance of not less than four
9 16 feet from the finished floor line of the scale to the bottom
9 17 of the "I" beam of the scale bridge. Livestock shall not be
9 18 weighed on any scale other than a livestock scale or pit type
9 19 scale.

9 20 2. An electronic pitless scale shall be placed on concrete

9 21 footings with concrete floor. The concrete floor shall allow
9 22 for adequate drainage away from the scale as required by the
9 23 department. There shall be a clearance of not less than eight
9 24 inches between the weigh bridge and the concrete floor to
9 25 facilitate inspection and cleaning.

9 26 3. After approval by the department, the specifications
9 27 for a commercial weighing and measuring device shall be
9 28 furnished to the purchaser of the device by the manufacturer.
9 29 The approval shall be based upon the recommendation of the
9 30 United States national institute of standards and technology.

9 31 Sec. 17. Section 231C.17, subsection 4, if enacted by 2003
9 32 Iowa Acts, House File 675, section 24, is amended by striking
9 33 the subsection and inserting in lieu thereof the following:

9 34 4. A continuing care retirement community, as defined in
9 35 section 523D.1, may provide limited personal care services and
10 1 emergency response services to its independent living tenants
10 2 if all of the following conditions are met:

10 3 a. The provision of such personal care services or
10 4 emergency response services does not result in inadequate
10 5 staff coverage to meet the service needs of all tenants of the
10 6 continuing care retirement community.

10 7 b. The staff providing the personal care or emergency
10 8 response services is trained or qualified to the extent
10 9 necessary to provide such services.

10 10 c. The continuing care retirement community documents the
10 11 date, time, and nature of the personal care or emergency
10 12 response services provided.

10 13 d. Emergency response services are only provided in
10 14 situations which constitute an urgent need for immediate
10 15 action or assistance due to unforeseen circumstances.

10 16 This subsection shall not be construed to prohibit an
10 17 independent living tenant of a continuing care retirement
10 18 community from contracting with a third party for personal
10 19 care or emergency response services.

10 20 Sec. 18. NEW SECTION. 237A.25 CONSUMER INFORMATION.

10 21 1. The department shall develop consumer information
10 22 material to assist parents in selecting a child care provider.
10 23 In developing the material, the department shall consult with
10 24 department of human services staff, department of education
10 25 staff, the state child care advisory council, the Iowa
10 26 empowerment board, and child care resource and referral
10 27 services. In addition, the department may consult with other
10 28 entities at the local, state, and national level.

10 29 2. The consumer information material developed by the
10 30 department for parents and other consumers of child care
10 31 services shall include but is not limited to all of the
10 32 following:

10 33 a. A pamphlet or other printed material containing
10 34 consumer-oriented information on locating a quality child care
10 35 provider.

11 1 b. Information explaining important considerations a
11 2 consumer should take into account in selecting a licensed or
11 3 registered child care provider.

11 4 c. Information explaining how a consumer can identify
11 5 quality services, including what questions to ask of providers
11 6 and what a consumer might expect or demand to know before
11 7 selecting a provider.

11 8 d. An explanation of the applicable laws and regulations
11 9 written in layperson's terms.

11 10 e. An explanation of what it means for a provider to be
11 11 licensed, registered, or unregistered.

11 12 f. An explanation of the information considered in
11 13 registry and record background checks.

11 14 g. Other information deemed relevant to consumers.

11 15 3. The department shall implement and publicize an
11 16 internet page or site that provides all of the following:

11 17 a. The written information developed pursuant to
11 18 subsections 1 and 2.

11 19 b. Regular informational updates, including when a child
11 20 care provider was last subject to a state quality review or
11 21 inspection and, based upon a final score or review, the
11 22 results indicating whether the provider passed or failed the
11 23 review or inspection.

11 24 c. Capability for a consumer to be able to access
11 25 information concerning child care providers, such as
11 26 informational updates, identification of provider location,
11 27 name, and capacity, and identification of providers
11 28 participating in the state child care assistance program and
11 29 those participating in the child care food program, by sorting
11 30 the information or employing other means that provide the
11 31 information in a manner that is useful to the consumer.

11 32 Information regarding provider location shall identify
11 33 providers located in the vicinity of an address selected by a
11 34 consumer and provide contact information without listing the
11 35 specific addresses of the providers.

12 1 d. Other information deemed appropriate by the department.

12 2 Sec. 19. Section 384.84, Code 2003, is amended by adding
12 3 the following new subsection:

12 4 NEW SUBSECTION. 9. Notwithstanding subsection 3, a lien
12 5 shall not be filed against the land if the premises are
12 6 located on leased land. If the premises are located on leased
12 7 land, a lien may be filed against the premises only.

12 8 Sec. 20. Section 422E.3A, subsection 2, paragraph a, if
12 9 enacted by 2003 Iowa Acts, Senate File 445, section 8, is
12 10 amended to read as follows:

12 11 a. A school district that is located in whole or in part
12 12 in a county that voted on and approved prior to April 1, 2003,
12 13 the local sales and services tax for school infrastructure
12 14 purposes and that has a sales tax capacity per student above
12 15 the guaranteed school infrastructure amount shall receive for
12 16 the remainder of the term of the tax an amount equal to its
12 17 pro rata share of the local sales and services tax receipts as
12 18 provided in section 422E.3, subsection 5, paragraph "d",
12 19 unless the school board passes a resolution by October 1,

12 20 2003, agreeing to receive a distribution pursuant to paragraph
12 21 "b", subparagraph (1).

12 22 Sec. 21. Section 422E.3A, subsection 2, paragraph b,
12 23 subparagraph (1), if enacted by 2003 Iowa Acts, Senate File
12 24 445, section 8, is amended to read as follows:

12 25 (1) A school district that is located in whole or in part
12 26 in a county that voted on and approved prior to April 1, 2003,
12 27 the local sales and services tax for school infrastructure
12 28 purposes and that has a sales tax capacity per student below
12 29 its guaranteed school infrastructure amount shall receive for
12 30 the remainder of the term of the tax an amount equal to its

12 31 pro rata share of the local sales and services tax receipts as
12 32 provided in section 422E.3, subsection 5, paragraph "d", plus
12 33 an amount equal to its supplemental school infrastructure
12 34 amount, unless the school district passes a resolution by

12 35 October 1, 2003, agreeing to receive only an amount equal to
13 1 its pro rata share as provided in section 422E.3, subsection
13 2 5, paragraph "d", in all subsequent years.

13 3 Sec. 22. Section 422E.3A, subsection 3, paragraph a, as
13 4 enacted by 2003 Iowa Acts, Senate File 445, is amended to read
13 5 as follows:

13 6 a. The director of revenue and finance by June 1 preceding
13 7 each fiscal year shall compute the guaranteed school
13 8 infrastructure amount for each school district, each school
13 9 district's sales tax capacity per student for each county, ~~the~~
13 10 ~~statewide tax revenues per student,~~ and the supplemental
13 11 school infrastructure amount for the coming fiscal year.

13 12 Sec. 23. Section 422E.3A, subsection 3, paragraph b,
13 13 subparagraph (3), as enacted by 2003 Iowa Acts, Senate File
13 14 445, is amended by striking the subparagraph and inserting in
13 15 lieu thereof the following:

13 16 (3) "Statewide tax revenues per student" means five
13 17 hundred seventy-five dollars per student. The general
13 18 assembly shall review this amount annually to determine its
13 19 appropriateness.

13 20 Sec. 24. Section 422E.3A, subsection 5, as enacted by 2003
13 21 Iowa Acts, Senate File 445, is amended to read as follows:

13 22 5. In the case of a deficiency in the fund to pay the
13 23 supplemental school infrastructure amounts in full, the amount
13 24 available in the fund less the sales and services tax revenues
13 25 for school infrastructure purposes attributed to each school
13 26 district should be allocated ~~based on the proportion of actual~~
13 27 ~~enrollment in the district to the combined actual enrollment~~
13 28 ~~in the counties where the sales and services tax for school~~
13 29 ~~infrastructure purposes has been imposed and the school~~

13 30 ~~districts in the counties qualify for the supplemental school~~
13 31 ~~infrastructure amount first to increase the school district~~
13 32 ~~with the lowest sales tax capacity per student to an amount~~
13 33 ~~equal to the school district or school districts with the next~~
13 34 ~~lowest sales tax capacity per student and then increase the~~
13 35 ~~school districts to an amount equal to the school district or~~
14 1 ~~school districts with the next lowest sales tax capacity per~~
14 2 ~~student and continue on in this manner until money is no~~
14 3 ~~longer available or all school districts reach their~~
14 4 ~~guaranteed school infrastructure amount.~~

14 5 Sec. 25. Section 422E.3A, subsection 6, unnumbered
14 6 paragraph 1, as enacted by 2003 Iowa Acts, Senate File 445, is
14 7 amended to read as follows:

14 8 A school district with less than two hundred fifty actual
14 9 enrollment or less than one hundred actual enrollment in the
14 10 high school shall not expend the supplemental school
14 11 infrastructure amount received for new construction or for
14 12 payments for bonds issued for new construction against the
14 13 supplemental school infrastructure amount without prior
14 14 application to the department of education and receipt of a
14 15 certificate of need pursuant to this subsection. However, a
14 16 certificate of need is not required for the payment of
14 17 outstanding bonds issued for new construction pursuant to
14 18 section 296.1, before April 1, 2003. A certificate of need is
14 19 also not required for repairing schoolhouses or buildings,
14 20 equipment, technology, or transportation equipment for
14 21 transporting students as provided in section 298.3, or for
14 22 construction necessary for compliance with the federal
14 23 Americans With Disabilities Act pursuant to 42 U.S.C. } 12101=
14 24 12117. In determining whether a certificate of need shall be
14 25 issued or denied, the department shall consider all of the
14 26 following:

14 27 Sec. 26. Section 435.26A, subsection 5, as enacted by 2003
14 28 Iowa Acts, Senate File 134, section 7, and as amended by 2003
14 29 Iowa Acts, Senate File 458, section 128, if enacted, is
14 30 amended to read as follows:

14 31 5. An owner of a manufactured home who has surrendered a
14 32 certificate of title under this section and requires another
14 33 certificate of title for the manufactured home is required to
14 34 apply for a certificate of title under ~~section 321.42~~ chapter
14 35 321. If supporting documents for the reissuance of a title
15 1 are not available or sufficient, the procedure for the
15 2 reissuance of a title specified in the rules of the department
15 3 of transportation shall be used.

15 4 Sec. 27. Section 459.315, Code 2003, as amended by 2003
15 5 Iowa Acts, House File 644, if enacted, is amended by adding
15 6 the following new subsection:

15 7 NEW SUBSECTION. 4A. This section shall not require a
15 8 person to be certified as a confinement site manure applicator
15 9 if the person applies manure which originates from a manure
15 10 storage structure which is part of a small animal feeding
15 11 operation.

15 12 Sec. 28. Section 508.31A, subsection 2, paragraph a,
15 13 subparagraph (4), as enacted by 2003 Iowa Acts, House File
15 14 647, section 7, is amended to read as follows:

15 15 (4) A person other than a natural person for the purpose
15 16 of providing collateral security for securities ~~issued by such~~
15 17 ~~person and~~ registered with the federal securities and exchange
15 18 commission.

15 19 Sec. 29. 2003 Iowa Acts, Senate File 401, section 5,
15 20 subsection 1, is amended to read as follows:

15 21 1. Notwithstanding any provision of law to the contrary,
15 22 the section of this Act creating section 453A.2, subsection
15 23 5A, is applicable to violations pending on the effective date
15 24 of this Act for which a penalty has not been assessed under
15 25 section 453A.22, subsection 2. Notwithstanding this
15 26 subsection, however, if a county health department, a city
15 27 health department, or a city assesses a penalty under section
15 28 453A.22, subsection 2, on or after April 11, 2003 but prior to
15 29 June 30, 2003, for a violation of section 453A.2, subsection
15 30 1, which was pending on April 11, 2003, the county health
15 31 department, city health department or city assessing the
15 32 penalty shall be deemed to have jurisdiction to assess the
15 33 penalty and the penalty assessed is deemed valid.

15 34 Sec. 30. 2003 Iowa Acts, Senate File 458, section 21,
15 35 unnumbered paragraph 3, if enacted, is amended to read as
16 1 follows:

16 2 Of the funds appropriated in this section, up to \$10,000 is
16 3 transferred to the Iowa department of ~~public health~~ human
16 4 services for allocation to community mental health centers to
16 5 provide counseling services to persons who are members of the
16 6 national guard and reservists activated but as yet not sent to
16 7 combat zones and to the persons' family members. The sessions
16 8 shall be provided on a first come, first served basis and
16 9 shall be limited to three visits per family.

16 10 Sec. 31. 2003 Iowa Acts, Senate File 458, section 149, if
16 11 enacted, is amended to read as follows:

16 12 SEC. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR PHYSICIAN
16 13 SERVICES. To the extent that, pursuant to law enacted by the
16 14 Eightieth General Assembly, 2003 Session, supplemental payment
16 15 adjustments are implemented for physician services provided to
16 16 medical assistance program participants at publicly owned
16 17 acute care hospitals, the department of human services shall
16 18 not, directly or indirectly, recoup the supplemental payment

16 19 adjustments for any reason, unless an amount equivalent to the
16 20 amount of adjustment funds ~~that were~~ is first transferred to
16 21 the ~~department by the state~~ university of Iowa college of
16 22 medicine ~~is transferred~~ by the department to the qualifying
~~16 23 physicians. Any such amount transferred and identified as a~~
16 24 supplemental payment under this section shall then be refunded
16 25 to the department of human services, per the agreement
16 26 executed for this purpose between the department and the
16 27 university of Iowa.

16 28 Sec. 32. 2003 Iowa Acts, House File 667, section 27,
16 29 subsection 1, unnumbered paragraph 2, is amended to read as
16 30 follows:

16 31 For costs associated with the commitment and treatment of
16 32 sexually violent predators in the unit located at the state
16 33 mental health institute at Cherokee, including costs of legal
16 34 services and other associated costs, including salaries,
16 35 support, maintenance, and miscellaneous purposes and for not
17 1 more than the following full-time equivalent positions:
17 2 \$ 2,675,179
17 3 FTEs ~~46.00~~
17 4 57.00

17 5 Sec. 33. EFFECTIVE DATE == RETROACTIVE APPLICABILITY.

17 6 1. The section of this division of this Act amending
17 7 section 231C.17, being deemed of immediate importance, takes
17 8 effect upon enactment.

17 9 2. The section of this division of this Act amending 2003
17 10 Iowa Acts, Senate File 401, being deemed of immediate
17 11 importance, takes effect upon enactment and is retroactively
17 12 applicable to April 11, 2003.

17 13 DIVISION IV
17 14 CORRECTIVE PROVISIONS

17 15 Sec. 34. Section 8A.505, as enacted by 2003 Iowa Acts,
17 16 House File 534, section 87, is amended by adding the following
17 17 new unnumbered paragraph:

17 18 NEW UNNUMBERED PARAGRAPH. There is appropriated annually
17 19 from the increase in indirect cost reimbursements over the
17 20 amount of indirect cost reimbursements received during the
17 21 fiscal year beginning July 1, 2002, to the office of grants
17 22 enterprise management of the department of management the sum
17 23 of up to one hundred twenty-five thousand dollars. The
17 24 director shall transfer the funds appropriated to the
17 25 department of management as provided in this paragraph and
17 26 shall make the funds resulting from the increase in
17 27 reimbursements available during the fiscal year to the
17 28 department of management on a monthly basis. If the amount of
17 29 the increase in indirect cost reimbursements is insufficient
17 30 to pay the maximum appropriation provided for in this
17 31 paragraph, the amount appropriated is equal to the amount of
17 32 such increase.

17 33 Sec. 35. Section 12C.4, Code 2003, as amended by 2003 Iowa
17 34 Acts, House File 289, section 2, is amended to read as
17 35 follows:

18 1 12C.4 LOCATION OF DEPOSITORIES.

18 2 Deposits by the treasurer of state shall be in depositories
18 3 located in this state; by a county officer or county public
18 4 hospital officer or merged area hospital officer, in
18 5 depositories located in the county or in an adjoining county
18 6 within this state; by a memorial hospital treasurer, in a
18 7 depository located within this state which shall be selected
18 8 by the memorial hospital treasurer and approved by the
18 9 memorial hospital commission; by a city treasurer or other
18 10 city financial officer, in depositories located in the county
18 11 in which the city is located or in an adjoining county, but if
18 12 there is no depository in the county in which the city is
18 13 located or in an adjoining county then in any other depository
18 14 located in this state which shall be selected as a depository
18 15 by the city council; by a school treasurer or by a school
18 16 secretary in a depository within this state which shall be
18 17 selected by the board of directors or the trustees of the
18 18 school district; by a township clerk in a depository located
18 19 within this state which shall be selected by the township
18 20 clerk and approved by the trustees of the township. However,
18 21 deposits may be made in depositories outside of Iowa for the
18 22 purpose of paying principal and interest on bonded
18 23 indebtedness of any municipality when the deposit is made not
18 24 more than ten days before the date the principal or interest
18 25 becomes due. Further, the treasurer of state may maintain an
18 26 account or accounts outside the state of Iowa for the purpose
18 27 of providing custodial services for the state and state
18 28 retirement fund accounts. Deposits made for the purpose of
18 29 completing an electronic financial transaction pursuant to

18 30 section ~~14B.203~~ 8A.222 or 331.427 may be made in any
18 31 depository located in this state.
18 32 Sec. 36. Section 29A.28, subsection 3, as enacted by 2003
18 33 Iowa Acts, House File 674, section 3, is amended to read as
18 34 follows:
18 35 3. Upon returning from a leave of absence under this
19 1 section, an employee shall be entitled to return to the same
19 2 position and classification held by the employee at the time
19 3 of entry ~~onto~~ into state active duty, active state service, or
19 4 federal service or to the position and classification that the
19 5 employee would have been entitled to if the continuous civil
19 6 service of the employee had not been interrupted by state
19 7 active duty, active state service, or federal service. Under
19 8 this subsection, "position" includes the geographical location
19 9 of the position.
19 10 Sec. 37. Section 70A.39, subsection 1, paragraph b, as
19 11 enacted by 2003 Iowa Acts, House File 381, section 1, is
19 12 amended to read as follows:
19 13 b. ~~"Vascularized~~ "Vascular organ" means a heart, lung,
19 14 liver, pancreas, kidney, intestine, or other organ that
19 15 requires the continuous circulation of blood to remain useful
19 16 for purposes of transplantation.
19 17 Sec. 38. Section 99B.7, subsection 1, paragraph 1,
19 18 subparagraph (1), Code 2003, as amended by 2003 Iowa Acts,
19 19 Senate File 453, section 104, if enacted, is amended to read
19 20 as follows:
19 21 (1) No other gambling is engaged in at the same location,
19 22 except that lottery tickets or shares issued by the Iowa
19 23 ~~lottery division of the department of revenue and finance~~
19 24 authority may be sold pursuant to chapter 99G.
19 25 Sec. 39. Section 507A.4, subsection 9, paragraph e, as
19 26 enacted by 2003 Iowa Acts, House File 647, section 4, is
19 27 amended to read as follows:
19 28 e. When not otherwise provided, a foreign or domestic
19 29 multiple ~~employee~~ employer welfare arrangement doing business
19 30 in this state shall pay to the commissioner of insurance the
19 31 fees as required in section 511.24.
19 32 Sec. 40. Section 556.11, subsection 5, Code 2003, as
19 33 amended by 2003 Iowa Acts, Senate File 180, section 2, is
19 34 amended to read as follows:
19 35 5. If the holder of property presumed abandoned under this
20 1 chapter knows the whereabouts of the owner and if the owner's
20 2 claim has not been barred by the statute of limitations, the
20 3 holder shall, before filing the annual report, communicate
20 4 with the owner and take necessary steps to prevent abandonment
20 5 from being presumed. The holder shall exercise due diligence
20 6 to ascertain the whereabouts of the owner. A holder is not
20 7 required to make a due diligence mailing to owners whose
20 8 property has an aggregate value of less than fifty dollars.
20 9 The treasurer of state may charge a holder that fails to
20 10 timely exercise due diligence, as required in this subsection,
20 11 five dollars for each name and address account reported if
20 12 thirty=five percent ~~of~~ or more of the accounts are claimed
20 13 within the twenty=four months immediately following the filing
20 14 of the holder report.
20 15 Sec. 41. 2003 Iowa Acts, Senate File 438, section 3, is
20 16 repealed.
20 17 Sec. 42. 2003 Iowa Acts, Senate File 453, section 11, if
20 18 enacted, is amended to read as follows:
20 19 SEC. 11. Sections ~~403.23~~, 405A.2, 405A.3, 405A.4,
20 20 405A.5, 405A.6, 405A.7, 405A.8, 405A.9, 405A.10, 422.65,
20 21 427A.12, and 427B.19B, Code 2003, are repealed.
20 22 Sec. 43. 2003 Iowa Acts, Senate File 458, section 159, if
20 23 enacted, is amended to read as follows:
20 24 SEC. 159. EFFECTIVE DATES. The following provisions of
20 25 this division of this Act, being deemed of immediate
20 26 importance, take effect upon enactment:
20 27 1. The amendments to sections 8.23, 8.31, and 8.57 which
20 28 are first applicable to appropriations made for the fiscal
20 29 year beginning July 1, 2003.
20 30 2. The amendment to section 12E.12.
20 31 3. The amendments to sections 15E.42, 15E.43, 15E.45, and
20 32 15E.51, which apply retroactively to January 1, 2002, for tax
20 33 years beginning on or after that date.
20 34 4. The amendment to section 15E.193B.
20 35 5. The amendment to section 435.26A.
21 1 6. The amendment to section 453A.2, which shall only take
21 2 effect if 2003 Iowa Acts, Senate File 401, is enacted by the
21 3 Eightieth General Assembly, 2003 Regular Session.
21 4 7. The amendments to sections 453C.1 and 453C.2 and the
21 5 related severability provision.

21 6 8. The amendments to sections 518.18 and 518A.35.
21 7 9. The section directing the department of corrections to
21 8 develop a plan for selling certain land.
21 9 10. The section relating to the sales and use tax refund.
21 10 11. The section relating to the school district
21 11 reimbursement claim.
21 12 The sections of this division of this Act amending section
21 13 80B.5 and enacting section 80B.5A are applicable to the
21 14 appointment of the director of the Iowa law enforcement
21 15 academy for the term beginning May 1, 2004.
21 16 ~~Section 29C.8, subsection 3, paragraph "f", as enacted in~~
21 17 ~~this division of this Act, and the amendment to section~~
21 18 ~~29C.20, subsection 1, as enacted in this division of this Act,~~
21 19 ~~take effect July 1, 2004.~~

21 20 Sec. 44. 2003 Iowa Acts, House File 171, section 112, the
21 21 bill section amending clause, is amended to read as follows:

21 22 Section 656.2, subsection 2, paragraph a, unnumbered
21 23 paragraph ~~1~~ 3, Code 2003, is amended to read as follows:

21 24 Sec. 45. 2003 Iowa Acts, House File 662, section 5,
21 25 subsection 8, paragraphs a and b, if enacted, are amended to
21 26 read as follows:

21 27 a. Of the amount appropriated in this ~~section~~ subsection,
21 28 \$347,371 shall be allocated to the public broadcasting
21 29 division for purposes of providing support for functions
21 30 related to the Iowa communications network, including but not
21 31 limited to the following functions: development of distance
21 32 learning applications; development of a central information
21 33 source on the internet relating to educational uses of the
21 34 network; second-line technical support for network sites;
21 35 testing and initializing sites onto the network; and
22 1 coordinating the work of the education telecommunications
22 2 council.

22 3 b. Of the amount appropriated in this ~~section~~ subsection,
22 4 \$1,272,285 shall be allocated to the regional
22 5 telecommunications councils established in section 8D.5. The
22 6 regional telecommunications councils shall use the funds to
22 7 provide technical assistance for network classrooms, planning
22 8 and troubleshooting for local area networks, scheduling of
22 9 video sites, and other related support activities.

22 10 Sec. 46. 2003 Iowa Acts, House File 662, section 6,
22 11 unnumbered paragraph 2, if enacted, is amended to read as
22 12 follows:

22 13 The funds allocated in this ~~subsection~~ section shall be
22 14 distributed as follows:

22 15 Sec. 47. EFFECTIVE AND APPLICABILITY DATES.

22 16 1. The section of this division of this Act amending
22 17 section 29A.28, subsection 3, being deemed of immediate
22 18 importance, takes effect upon enactment and applies
22 19 retroactively to January 1, 2003.

22 20 2. The section of this division of this Act amending 2003
22 21 Iowa Acts, Senate File 458, section 159, being deemed of
22 22 immediate importance, takes effect upon enactment.

22 23 3. 2003 Iowa Acts, Senate File 458, section 140, relating
22 24 to nonreversion of funds appropriated in 1996 Iowa Acts,
22 25 chapter 1218, and 1997 Iowa Acts, chapter 215, if enacted,
22 26 being deemed of immediate importance, takes effect upon
22 27 enactment of this Act.

22 28 DIVISION V
22 29 CRIMINAL OFFENDERS AND INMATES

22 30 Sec. 48. Section 321J.2, subsection 2, paragraph a,
22 31 subparagraph (1), Code 2003, is amended to read as follows:

22 32 (1) Imprisonment in the county jail for not less than
22 33 forty-eight hours, to be served as ordered by the court, less
22 34 credit for any time the person was confined in a jail or
22 35 detention facility following arrest or for any time the person
23 1 spent in a court-ordered operating-while-intoxicated program
23 2 that provides law enforcement security. However, the court,
23 3 in ordering service of the sentence and in its discretion, may
23 4 accommodate the defendant's work schedule.

23 5 Sec. 49. NEW SECTION. 811.2A PRETRIAL RELEASE.

23 6 A person, who has been released under a plan of pretrial
23 7 release or on the person's own recognizance and who is
23 8 subsequently arrested for a new criminal offense while under
23 9 the plan of pretrial release or released on the person's own
23 10 recognizance, shall not be eligible for another release
23 11 pursuant to pretrial release guidelines or released on the
23 12 person's own recognizance, if all of the following apply:

23 13 1. The arrest for the new criminal offense is based on a
23 14 set of facts or an event that is different than involved in
23 15 the earlier arrest.

23 16 2. The new criminal offense is classified as greater than

23 17 a serious misdemeanor.

23 18 However, a person may be admitted to bail if eligible
23 19 pursuant to section 811.1.

23 20 Sec. 50. Section 901.4, Code 2003, is amended to read as
23 21 follows:

23 22 901.4 PRESENTENCE INVESTIGATION REPORT CONFIDENTIAL ==
23 23 DISTRIBUTION.

23 24 The presentence investigation report is confidential and
23 25 the court shall provide safeguards to ensure its
23 26 confidentiality, including but not limited to sealing the
23 27 report, which may be opened only by further court order. At
23 28 least three days prior to the date set for sentencing, the
23 29 court shall serve all of the presentence investigation report
23 30 upon the defendant's attorney and the attorney for the state,
23 31 and the report shall remain confidential except upon court
23 32 order. However, the court may conceal the identity of the
23 33 person who provided confidential information. The report of a
23 34 medical examination or psychological or psychiatric evaluation
23 35 shall be made available to the attorney for the state and to
24 1 the defendant upon request. The reports are part of the
24 2 record but shall be sealed and opened only on order of the
24 3 court. If the defendant is committed to the custody of the
24 4 Iowa department of corrections and is not a class "A" felon, a
24 5 copy of the presentence investigation report shall be
24 6 forwarded to the director with the order of commitment by the
24 7 clerk of the district court and to the board of parole at the
24 8 time of commitment. The Pursuant to section 904.602, the

24 9 presentence investigation report may also be released by the
24 10 department of corrections or a judicial district department of
24 11 correctional services ~~pursuant to section 904.602~~ to another
24 12 jurisdiction for the purpose of providing interstate probation
24 13 and parole compact services or evaluations, or to a substance
24 14 abuse or mental health services provider when referring a
24 15 defendant for services. The defendant or the defendant's

24 16 attorney may file with the presentence investigation report, a
24 17 denial or refutation of the allegations, or both, contained in
24 18 the report. The denial or refutation shall be included in the
24 19 report. If the person is sentenced for an offense which
24 20 requires registration under chapter 692A, the court shall
24 21 release the report to the department which is responsible
24 22 under section 692A.13A for performing the assessment of risk.

24 23 Sec. 51. Section 901B.1, subsection 1, paragraph c,
24 24 subparagraph (5), Code 2003, is amended to read as follows:

24 25 (5) A substance abuse treatment facility as established
24 26 and operated by the Iowa department of public health or the
24 27 department of corrections.

24 28 Sec. 52. Section 903A.2, subsection 1, paragraph a, Code
24 29 2003, is amended to read as follows:

24 30 a. Category "A" sentences are those sentences which are
24 31 not subject to a maximum accumulation of earned time of
24 32 fifteen percent of the total sentence of confinement under
24 33 section 902.12. To the extent provided in subsection 5,
24 34 category "A" sentences also include life sentences imposed
24 35 under section 902.1. An inmate of an institution under the
25 1 control of the department of corrections who is serving a
25 2 category "A" sentence is eligible for a reduction of sentence
25 3 equal to one and two-tenths days for each day the inmate
25 4 demonstrates good conduct and satisfactorily participates in
25 5 any program or placement status identified by the director to
25 6 earn the reduction. The programs include but are not limited
25 7 to the following:

- 25 8 (1) Employment in the institution.
- 25 9 (2) Iowa state industries.
- 25 10 (3) An employment program established by the director.
- 25 11 (4) A treatment program established by the director.
- 25 12 (5) An inmate educational program approved by the
25 13 director.

25 14 An inmate serving a category "A" sentence is eligible for
25 15 an additional reduction of sentence of up to three hundred
25 16 sixty-five days of the full term of the sentence of the inmate
25 17 for exemplary acts. In accordance with section 903A.4, the
25 18 director shall by policy identify what constitutes an
25 19 exemplary act that may warrant an additional reduction of
25 20 sentence.

25 21 Sec. 53. Section 903A.3, subsection 2, Code 2003, is
25 22 amended to read as follows:

25 23 2. The orders of the administrative law judge are subject
25 24 to appeal to the superintendent or warden of the institution,
25 25 or the superintendent's or warden's designee, who may either
25 26 affirm, modify, remand for correction of procedural errors, or
25 27 reverse an order. However, sanctions shall not be increased

25 28 on appeal. ~~A decision of the superintendent, warden, or~~
25 29 ~~designee is subject to review by the director of the Iowa~~
25 30 ~~department of corrections who may either affirm, modify,~~
25 31 ~~remand for correction of procedural errors, or reverse the~~
25 32 ~~decision. However, sanctions shall not be increased on~~
25 33 ~~review.~~

25 34 Sec. 54. NEW SECTION. 904.117 INTERSTATE COMPACT FUND.
25 35 An interstate compact fund is established under the control
26 1 of the department. All interstate compact fees collected by
26 2 the department pursuant to section 907B.5 shall be deposited
26 3 into the fund and the moneys shall be used by the department
26 4 to offset the costs of complying with the interstate compact
26 5 for adult offender supervision in chapter 907B.
26 6 Notwithstanding section 8.33, moneys remaining in the fund at
26 7 the end of a fiscal year shall not revert to the general fund
26 8 of the state. Notwithstanding section 12C.7, interest and
26 9 earnings deposited in the fund shall be credited to the fund.

26 10 Sec. 55. Section 904.503, subsection 2, Code 2003, is
26 11 amended to read as follows:

26 12 2. When the director has cause to believe that an inmate
26 13 in a state correctional institution is mentally ill, the Iowa
26 14 department of corrections may cause the inmate to be
26 15 transferred to the Iowa medical and classification center, or
26 16 to another appropriate facility within the department, for
26 17 examination, diagnosis, or treatment. The inmate shall be
26 18 confined at that institution center or facility or a state
26 19 hospital for persons with mental illness until the expiration
26 20 of the inmate's sentence or until the inmate is pronounced in
26 21 good mental health. If the inmate is pronounced in good
26 22 mental health before the expiration of the inmate's sentence,
26 23 the inmate shall be returned to the state correctional
26 24 institution until the expiration of the inmate's sentence.

26 25 Sec. 56. Section 904.508, subsection 2, Code 2003, is
26 26 amended to read as follows:

26 27 2. ~~The Pursuant to section 904.702, the director shall~~
26 28 ~~establish and maintain an inmate savings fund in an interest=~~
26 29 ~~bearing account for the deposit of all or part of an inmate's~~
26 30 ~~allowances, as provided in section 904.702 and amounts, except~~
26 31 ~~amounts directed to be deposited in the inmate telephone fund~~
26 32 ~~established in section 904.508A, sent to the inmate from a~~
26 33 ~~source other than the department. All or part of an inmate's~~
26 34 ~~allowances and amounts, except amounts directed to be~~
26 35 ~~deposited in the inmate telephone fund established in section~~
27 1 ~~904.508A, from a source other than the department shall be~~
27 2 deposited into the savings fund, until the inmate's deposit is
27 3 equal to ~~the amount due the inmate upon discharge, parole, or~~
27 4 ~~placement on work release, one hundred dollars~~ as provided in
27 5 section 906.9. If an inmate's deposits are equal ~~this amount~~
27 6 to or in excess of one hundred dollars, the inmate may
27 7 voluntarily withdraw from the savings fund. The director
27 8 shall notify the inmate of this right to withdraw and shall
27 9 provide the inmate with a written request form to facilitate
27 10 the withdrawal. If the inmate withdraws and the inmate's
27 11 deposits exceed the amount due as provided in section 906.9,
27 12 the director shall disburse the excess amount as provided for
27 13 allowances under section 904.702, except the director shall
27 14 not deposit the excess amount in the inmate savings fund. If
27 15 the inmate chooses to continue to participate in the savings
27 16 fund, the inmate's deposits shall be returned to the inmate
27 17 upon discharge, parole, or placement on work release.
27 18 Otherwise, the inmate's deposits shall be disposed of as
27 19 provided in subsection 3. An inmate's deposits into the
27 20 savings fund may be used to provide the money due the inmate
27 21 upon discharge, parole, or placement on work release, as
27 22 required under section 906.9. Interest earned from the
27 23 savings fund shall be placed in a separate account, and may be
27 24 used for purchases approved by the director to directly and
27 25 collectively benefit inmates.

27 26 Sec. 57. Section 904.508A, Code 2003, is amended to read
27 27 as follows:

27 28 904.508A INMATE TELEPHONE ~~REBATE~~ FUND.
27 29 The department is authorized to establish and maintain an
27 30 inmate telephone ~~rebate~~ fund ~~in each institution~~ for the
27 31 deposit of moneys received for inmate telephone rebates calls.
27 32 All funds deposited in this fund shall be used for the benefit
27 33 of inmates. The director shall adopt rules providing for the
27 34 disbursement of moneys from the fund.

27 35 Sec. 58. Section 904.513, subsection 1, paragraph b,
28 1 subparagraph (4), Code 2003, is amended to read as follows:

28 2 (4) Assignment may also be made on the basis of the
28 3 offender's treatment program performance, as a disciplinary

28 4 measure, for medical needs, and for space availability at
28 5 community residential facilities. If there is insufficient
28 6 space at a community residential facility, the court may order
28 7 an offender to be released to the supervision of the judicial
28 8 district department of correctional services, ~~or~~ held in jail,
28 9 or committed to the custody of the director of the department
28 10 of corrections for assignment to an appropriate correctional
28 11 facility until there is sufficient space at a community
28 12 residential facility.

28 13 Sec. 59. Section 904.702, unnumbered paragraph 1, Code
28 14 2003, is amended to read as follows:

28 15 If allowances are paid pursuant to section 904.701, the
28 16 director shall establish an inmate account, for deposit of
28 17 those allowances and for deposit of moneys sent to the inmate
28 18 from a source other than the department of corrections. The
28 19 director may deduct an amount, not to exceed ten percent of
28 20 the amount of the allowance, unless the inmate requests a
28 21 larger amount, to be deposited into the inmate savings fund as
28 22 required under section 904.508, subsection 2. In addition to
28 23 deducting a portion of the allowance, the director may also
28 24 deduct from an inmate account any amount, except amounts
28 25 directed to be deposited in the inmate telephone fund
28 26 established in section 904.508A, sent to the inmate from a
28 27 source other than the department of corrections for deposit in
28 28 the inmate savings fund as required under section 904.508,
28 29 subsection 2, until the amount in the fund equals the amount
28 30 due the inmate upon discharge, parole, or placement on work
28 31 release. The director shall deduct from the inmate account an

28 32 amount established by the inmate's restitution plan of
28 33 payment. The director shall also deduct from any remaining
28 34 account balance an amount sufficient to pay all or part of any
28 35 judgment against the inmate, including but not limited to
29 1 judgments for taxes and child support, and court costs and
29 2 fees assessed either as a result of the inmate's confinement
29 3 or amounts required to be paid under section 610A.1. Written
29 4 notice of the amount of the deduction shall be given to the
29 5 inmate, who shall have five days after receipt of the notice
29 6 to submit in writing any and all objections to the deduction
29 7 to the director, who shall consider the objections prior to
29 8 transmitting the deducted amount to the clerk of the district
29 9 court. The director need give only one notice for each action
29 10 or appeal under section 610A.1 for which periodic deductions
29 11 are to be made. The director shall next deduct from any
29 12 remaining account balance an amount sufficient to pay all or
29 13 part of any costs assessed against the inmate for misconduct
29 14 or damage to the property of others. The director may deduct
29 15 from the inmate's account an amount sufficient to pay for the
29 16 inmate's share of the costs of health services requested by
29 17 the inmate and for the treatment of injuries inflicted by the
29 18 inmate on the inmate or others. The director may deduct and
29 19 disburse an amount sufficient for industries' programs to
29 20 qualify under the eligibility requirements established in the
29 21 Justice Assistance Act of 1984, Pub. L. No. 98-473, including
29 22 an amount to pay all or part of the cost of the inmate's
29 23 incarceration. The director may pay all or any part of
29 24 remaining allowances paid pursuant to section 904.701 directly
29 25 to a dependent of the inmate, or may deposit the allowance to
29 26 the account of the inmate, or may deposit a portion and allow
29 27 the inmate a portion for the inmate's personal use.

29 28 Sec. 60. Section 907.4, Code 2003, is amended to read as
29 29 follows:

29 30 907.4 DEFERRED JUDGMENT DOCKET.

29 31 A deferment of judgment under section 907.3 shall be
29 32 reported promptly by the clerk of the district court, or the
29 33 clerk's designee, to the state court administrator for entry
29 34 in the deferred judgment docket. The docket shall contain a
29 35 permanent record of the deferred judgment including the name
30 1 and date of birth of the defendant, the district court docket
30 2 number, the nature of the offense, and the date of the
30 3 deferred judgment. Before granting deferred judgment in any
30 4 case, the court shall request of the state court administrator
30 5 a search of the deferred judgment docket and shall consider
30 6 any prior record of a deferred judgment against the defendant.
30 7 The permanent record provided for in this section is a
30 8 confidential record exempted from public access under section
30 9 22.7 and shall be available only to justices of the supreme
30 10 court, judges of the court of appeals, district judges,
30 11 district associate judges, judicial magistrates, clerks of the
30 12 district court, judicial district departments of correctional
30 13 services, and county attorneys requesting information pursuant
30 14 to this section, or the designee of a justice, judge,

30 15 magistrate, clerk, judicial district department of
30 16 correctional services, or county attorney.

30 17 Sec. 61. Section 907.9, subsections 1, 2, and 4, Code
30 18 2003, are amended to read as follows:

30 19 1. At any time that the court determines that the purposes
30 20 of probation have been fulfilled and the fees imposed under
30 21 section 905.14 have been paid ~~to or waived by the judicial~~
30 22 ~~district department of correctional services or on condition~~
30 23 ~~that unpaid supervision fees be paid~~, the court may order the
30 24 discharge of a person from probation.

30 25 2. At any time that a probation officer determines that
30 26 the purposes of probation have been fulfilled and the fees
30 27 imposed under section 905.14 have been paid ~~to or waived by~~
30 28 ~~the judicial district department of correctional services or~~
30 29 ~~on condition that unpaid supervision fees be paid~~, the officer
30 30 may order the discharge of a person from probation after
30 31 approval of the district director and notification of the
30 32 sentencing court and the county attorney who prosecuted the
30 33 case.

30 34 4. At the expiration of the period of probation and if the
30 35 fees imposed under section 905.14 have been paid ~~to or waived~~
31 1 ~~by the judicial district department of correctional services~~
31 2 ~~or on condition that unpaid supervision fees be paid~~, the
31 3 court shall order the discharge of the person from probation,
31 4 and the court shall forward to the governor a recommendation
31 5 for or against restoration of citizenship rights to that
31 6 person. A person who has been discharged from probation shall
31 7 no longer be held to answer for the person's offense. Upon
31 8 discharge from probation, if judgment has been deferred under
31 9 section 907.3, the court's criminal record with reference to
31 10 the deferred judgment shall be expunged. The record
31 11 maintained by the state court administrator as required by
31 12 section 907.4 shall not be expunged. The court's record shall
31 13 not be expunged in any other circumstances.

31 14 Sec. 62. NEW SECTION. 907B.4 INTERSTATE COMPACT FEE.

31 15 The department of corrections may assess a fee, not to
31 16 exceed one hundred dollars, for an application to transfer out
31 17 of the state under the interstate compact for adult offender
31 18 supervision. The fee may be waived by the department. The
31 19 moneys collected pursuant to this section shall be deposited
31 20 into the interstate compact fund established in section
31 21 904.117 and shall be used to offset the costs of complying
31 22 with the interstate compact for adult offender supervision.

31 23 Sec. 63. Section 910.3B, Code 2003, is amended to read as
31 24 follows:

31 25 910.3B RESTITUTION FOR DEATH OF VICTIM.

31 26 1. In all criminal cases in which the offender is
31 27 convicted of a felony in which the act or acts committed by
31 28 the offender caused the death of another person, in addition
31 29 to the amount determined to be payable and ordered to be paid
31 30 to a victim for pecuniary damages, as defined under section
31 31 910.1, and determined under section 910.3, the court shall
31 32 also order the offender to pay at least one hundred fifty
31 33 thousand dollars in restitution to the victim's estate if the
31 34 victim died testate. If the victim died intestate the court

31 35 shall order the offender to pay the restitution to the
32 1 victim's heirs at law as determined pursuant to section

32 2 633.210. The obligation to pay the additional amount shall
32 3 not be dischargeable in any proceeding under the federal
32 4 Bankruptcy Act. Payment of the additional amount shall have
32 5 the same priority as payment of a victim's pecuniary damages
32 6 under section 910.2, in the offender's plan for restitution.

32 7 2. An award under this section does not preclude or
32 8 supersede the right of a victim's estate or heirs at law to
32 9 bring a civil action against the offender for damages arising
32 10 out of the same facts or event. However, no evidence relating
32 11 to the entry of the judgment against the offender pursuant to
32 12 this section or the amount of the award ordered pursuant to
32 13 this section shall be permitted to be introduced in any civil
32 14 action for damages arising out of the same facts or event.

32 15 3. An offender who is ordered to pay a victim's estate or
32 16 heirs at law under this section is precluded from denying the
32 17 elements of the felony offense which resulted in the order for
32 18 payment in any subsequent civil action for damages arising out
32 19 of the same facts or event.

32 20 Sec. 64. Section 915.100, subsection 2, paragraph c, Code
32 21 2003, is amended to read as follows:

32 22 c. In cases where the act committed by an offender causes
32 23 the death of another person, in addition to the amount ordered
32 24 for payment of the victim's pecuniary damages, the court shall
32 25 also order the offender to pay at least one hundred fifty

32 26 thousand dollars in restitution to the victim's estate or
32 27 heirs at law, pursuant to the provisions of section 910.3B.

32 28 DIVISION VI
32 29 ECONOMIC DEVELOPMENT APPROPRIATIONS

32 30 Sec. 65. MARKETING APPROPRIATION.

32 31 1. There is appropriated from the grow Iowa values fund
32 32 created in section 15G.107, if enacted by 2003 Iowa Acts,
32 33 House File 692 or another Act, to the department of economic
32 34 development, for the fiscal period beginning July 1, 2003, and
32 35 ending June 30, 2006, the following amounts, or so much
33 1 thereof as is necessary, to be used for the purpose

33 2 designated:

33 3 For implementing and administering the marketing strategy
33 4 approved under section 15G.108, if enacted by 2003 Iowa Acts,
33 5 House File 692 or another Act:

33 6	FY 2003=2004.....	\$ 2,500,000
33 7	FY 2004=2005.....	\$ 7,500,000
33 8	FY 2005=2006.....	\$ 10,000,000

33 9 2. Notwithstanding section 8.33, moneys that remain
33 10 unexpended at the end of a fiscal year shall not revert to any
33 11 fund but shall remain available for expenditure for the
33 12 designated purposes during the succeeding fiscal year.

33 13 Sec. 66. DEPARTMENT OF ECONOMIC DEVELOPMENT APPROPRIATION.

33 14 1. There is appropriated from the grow Iowa values fund
33 15 created in section 15G.107, if enacted by 2003 Iowa Acts,
33 16 House File 692 or another Act, to the department of economic
33 17 development for the fiscal period beginning July 1, 2003, and
33 18 ending June 30, 2007, the following amounts, or so much
33 19 thereof as is necessary, to be used for the purpose

33 20 designated:

33 21 For programs administered by the department of economic
33 22 development:

33 23	FY 2003=2004.....	\$ 45,000,000
33 24	FY 2004=2005.....	\$ 41,000,000
33 25	FY 2005=2006.....	\$ 44,000,000
33 26	FY 2006=2007.....	\$ 48,000,000

33 27 2. Notwithstanding section 8.33, moneys that remain
33 28 unexpended at the end of a fiscal year shall not revert to any
33 29 fund but shall remain available for expenditure for the
33 30 designated purposes during the succeeding fiscal year.

33 31 3. Each year that moneys are appropriated under this
33 32 section, the grow Iowa values board shall allocate a
33 33 percentage of the moneys for each of the following types of
33 34 activities:

- 33 35 a. Business start-ups.
- 34 1 b. Business expansion.
- 34 2 c. Business modernization.
- 34 3 d. Business attraction.
- 34 4 e. Business retention.
- 34 5 f. Marketing.

34 6 4. An applicant for moneys appropriated under this section
34 7 shall be required by the department to include in the
34 8 application a statement regarding the intended return on
34 9 investment. A recipient of moneys appropriated under this
34 10 section shall annually submit a statement to the department
34 11 regarding the progress achieved on the intended return on
34 12 investment stated in the application. The department, in
34 13 cooperation with the department of revenue and finance, shall
34 14 develop a method of identifying and tracking each new job
34 15 created through financial assistance from moneys appropriated
34 16 under this section.

34 17 5. The department may use moneys appropriated under this
34 18 section to procure technical assistance from either the public
34 19 or private sector, for information technology purposes, and
34 20 for rail, air, or river port transportation-related purposes.
34 21 The use of moneys appropriated for rail, air, or river port
34 22 transportation-related purposes must be directly related to an
34 23 economic development project and the moneys must be used to
34 24 leverage other financial assistance moneys.

34 25 6. Of the moneys appropriated under this section, the
34 26 department may use one-half of one percent for administrative
34 27 purposes.

34 28 7. The grow Iowa values board is required to approve or
34 29 deny applications for financial assistance from moneys
34 30 appropriated under this section.

34 31 Sec. 67. UNIVERSITY AND COLLEGE FINANCIAL ASSISTANCE
34 32 APPROPRIATION.

34 33 1. There is appropriated from the grow Iowa values fund
34 34 created in section 15G.107, if enacted by 2003 Iowa Acts,
34 35 House File 692 or another Act, to the grow Iowa values board
35 1 for the fiscal period beginning July 1, 2003, and ending June

35 2 30, 2007, the following amounts, or so much thereof as is
35 3 necessary, to be used for the purposes designated:

35 4 For financial assistance for institutions of higher
35 5 learning under the control of the state board of regents and
35 6 for accredited private institutions as defined in section
35 7 261.9 for multiuse, goods manufacturing processes approved by
35 8 the food and drug administration of the United States
35 9 department of health and human services, protein purification
35 10 facilities for plant, animal, and chemical manufactured
35 11 proteins; accelerating new business creation; innovation
35 12 accelerators and business parks; incubator facilities;
35 13 upgrading food and drug administration drug approval
35 14 laboratories in Iowa City to a larger multiclient, goods
35 15 manufacturing processes facility; crop and animal livestock
35 16 facilities for the growing of transgenic crops and livestock,
35 17 protein extraction facilities, containment facilities, and
35 18 bioanalytical, biochemical, chemical, and microbiological
35 19 support facilities; a national center for food safety and
35 20 security; and advanced laboratory space:

35 21	FY 2003=2004.....	\$ 6,000,000
35 22	FY 2004=2005.....	\$ 7,000,000
35 23	FY 2005=2006.....	\$ 7,000,000
35 24	FY 2006=2007.....	\$ 7,000,000

35 25 2. Notwithstanding section 8.33, moneys that remain
35 26 unexpended at the end of a fiscal year shall not revert to any
35 27 fund but shall remain available for expenditure for the
35 28 designated purposes during the succeeding fiscal year.

35 29 3. In the distribution of moneys appropriated pursuant to
35 30 this section, the grow Iowa values board shall examine the
35 31 potential for using moneys appropriated pursuant to this
35 32 section to leverage other moneys for financial assistance to
35 33 accredited private institutions.

35 34 4. In awarding moneys appropriated pursuant to this
35 35 section, the grow Iowa values board shall consider whether the
36 1 purchase of suitable existing infrastructure is more cost=
36 2 efficient than building new infrastructure.

36 3 5. An institution of higher learning under the control of
36 4 the state board of regents may apply to use financial
36 5 assistance moneys under this section for purposes of a public
36 6 and private joint venture to acquire infrastructure assets or
36 7 research facilities or to leverage moneys in a manner
36 8 consistent with meeting the goals and performance measures
36 9 provided in section 15G.106, if enacted by 2003 Iowa Acts,
36 10 House File 692 or another Act.

36 11 6. Of the moneys appropriated under this section and
36 12 provided applications are submitted meeting the requirements
36 13 of the grow Iowa values board, not less than \$10,000,000 in
36 14 financial assistance shall be awarded to the university of
36 15 Iowa, not less than \$10,000,000 in financial assistance shall
36 16 be awarded to Iowa state university of science and technology,
36 17 and not less than \$5,000,000 in financial assistance shall be
36 18 awarded to the university of northern Iowa.

36 19 Sec. 68. REHABILITATION PROJECT TAX CREDITS APPROPRIATION.

36 20 1. There is appropriated from the grow Iowa values fund
36 21 created in section 15G.107, if enacted by 2003 Iowa Acts,
36 22 House File 692 or another Act, to the general fund of the
36 23 state, for the fiscal period beginning July 1, 2005, and
36 24 ending June 30, 2007, the following amounts, or so much
36 25 thereof as is necessary, to be used for the purpose
36 26 designated:

36 27	For payment of tax credits approved pursuant to section	
36 28	404A.4 for projects located in certified cultural and	
36 29	entertainment districts:	
36 30	FY 2005=2006.....	\$ 500,000
36 31	FY 2006=2007.....	\$ 500,000

36 32 2. Notwithstanding section 8.33, moneys that remain
36 33 unexpended at the end of a fiscal year shall not revert to any
36 34 fund but shall remain available for expenditure for the
36 35 designated purposes during the succeeding fiscal year.

37 1 Sec. 69. LOAN AND CREDIT GUARANTEE FUND APPROPRIATION.

37 2 1. There is appropriated from the grow Iowa values fund
37 3 created in section 15G.107, if enacted by 2003 Iowa Acts,
37 4 House File 692 or another Act, to the department of economic
37 5 development for the fiscal period beginning July 1, 2003, and
37 6 ending June 30, 2007, the following amounts, or so much
37 7 thereof as is necessary, to be used for the purpose
37 8 designated:

37 9	For deposit in the loan and credit guarantee fund created	
37 10	in section 15E.227:	
37 11	FY 2003=2004.....	\$ 2,500,000
37 12	FY 2004=2005.....	\$ 5,000,000

37 13 FY 2005=2006..... \$ 7,500,000
 37 14 FY 2006=2007..... \$ 7,500,000
 37 15 2. Notwithstanding section 8.33, moneys that remain
 37 16 unexpended at the end of a fiscal year shall not revert to any
 37 17 fund but shall remain available for expenditure for the
 37 18 designated purpose during the succeeding fiscal year.
 37 19 Sec. 70. ENDOW IOWA TAX CREDITS.
 37 20 1. There is appropriated from the grow Iowa values fund
 37 21 created in section 15G.107, if enacted by 2003 Iowa Acts,
 37 22 House File 692 or another Act, to the general fund of the
 37 23 state, for the fiscal period beginning July 1, 2004, and
 37 24 ending June 30, 2007, the following amounts, or so much
 37 25 thereof as is necessary, to be used for the purpose
 37 26 designated:
 37 27 For payment of endow Iowa tax credits authorized pursuant
 37 28 to section 15E.305:
 37 29 FY 2004=2005..... \$ 250,000
 37 30 FY 2005=2006..... \$ 250,000
 37 31 FY 2006=2007..... \$ 500,000
 37 32 2. Notwithstanding section 8.33, moneys that remain
 37 33 unexpended at the end of a fiscal year shall not revert to any
 37 34 fund but shall remain available for expenditure for the
 37 35 designated purposes during the succeeding fiscal year.
 38 1 Sec. 71. ENDOW IOWA GRANTS APPROPRIATION.
 38 2 1. There is appropriated from the grow Iowa values fund
 38 3 created in section 15G.107, if enacted by 2003 Iowa Acts,
 38 4 House File 692 or another Act, to the department of economic
 38 5 development for the fiscal period beginning July 1, 2004, and
 38 6 ending June 30, 2007, the following amounts, or so much
 38 7 thereof as is necessary, to be used for the purpose
 38 8 designated:
 38 9 For endow Iowa grants to lead philanthropic entities
 38 10 pursuant to section 15E.304:
 38 11 FY 2004=2005..... \$ 250,000
 38 12 FY 2005=2006..... \$ 250,000
 38 13 FY 2006=2007..... \$ 500,000
 38 14 2. Notwithstanding section 8.33, moneys that remain
 38 15 unexpended at the end of a fiscal year shall not revert to any
 38 16 fund but shall remain available for expenditure for the
 38 17 designated purposes during the succeeding fiscal year.
 38 18 Sec. 72. STATE PARKS AND DESTINATION PARKS APPROPRIATION.
 38 19 1. There is appropriated from the grow Iowa values fund
 38 20 created in section 15G.107, if enacted by 2003 Iowa Acts,
 38 21 House File 692 or another Act, to the grow Iowa values board
 38 22 for the fiscal period beginning July 1, 2003, and ending June
 38 23 30, 2007, the following amount, or so much thereof as is
 38 24 necessary, to be used for the purpose designated:
 38 25 For the purpose of providing financial assistance for
 38 26 projects in targeted state parks and destination parks:
 38 27 FY 2003=2004..... \$ 500,000
 38 28 FY 2004=2005..... \$ 0
 38 29 FY 2005=2006..... \$ 0
 38 30 FY 2006=2007..... \$ 500,000
 38 31 2. Notwithstanding section 8.33, moneys that remain
 38 32 unexpended at the end of a fiscal year shall not revert to any
 38 33 fund but shall remain available for expenditure for the
 38 34 designated purposes during the succeeding fiscal year.
 38 35 3. The department of natural resources, in cooperation
 39 1 with the department of economic development, shall submit a
 39 2 plan to the grow Iowa values board for the expenditure of
 39 3 moneys appropriated under this section. The plan shall focus
 39 4 on improving state parks and destination parks for economic
 39 5 development purposes. Based on the report submitted, the grow
 39 6 Iowa values board shall provide financial assistance to the
 39 7 department of natural resources for support of state parks and
 39 8 destination parks.
 39 9 Sec. 73. IOWA CULTURAL TRUST FUND APPROPRIATION.
 39 10 1. There is appropriated from the grow Iowa values fund
 39 11 created in section 15G.107, if enacted by 2003 Iowa Acts,
 39 12 House File 692 or another Act, to the office of the treasurer
 39 13 of state, for the fiscal period beginning July 1, 2003, and
 39 14 ending June 30, 2007, the following amount, or so much thereof
 39 15 as is necessary, to be used for the purpose designated:
 39 16 For deposit in the Iowa cultural trust fund created in
 39 17 section 303A.4:
 39 18 FY 2003=2004..... \$ 500,000
 39 19 FY 2004=2005..... \$ 0
 39 20 FY 2005=2006..... \$ 0
 39 21 FY 2006=2007..... \$ 500,000
 39 22 2. Notwithstanding section 8.33, moneys that remain
 39 23 unexpended at the end of a fiscal year shall not revert to any

39 24 fund but shall remain available for expenditure for the
39 25 designated purposes during the succeeding fiscal year.
39 26 Sec. 74. ANTICIPATED FEDERAL MONEYS == APPROPRIATION.
39 27 1. There is appropriated from the fund created by section
39 28 8.41, for the fiscal period beginning July 1, 2003, and ending
39 29 June 30, 2005, the following amounts to be used for the
39 30 purpose designated:

39 31 For deposit in the grow Iowa values fund created in section
39 32 15G.107, if enacted by 2003 Iowa Acts, House File 692 or
39 33 another Act:

39 34 FY 2003=2004..... \$ 59,000,000
39 35 FY 2004=2005..... \$ 41,000,000

40 1 2. Moneys appropriated in this section are moneys
40 2 anticipated to be received from the federal government for
40 3 state and local government fiscal relief under the federal
40 4 Jobs and Growth Tax Relief Reconciliation Act of 2003 and
40 5 shall be expended as provided in the federal law making the
40 6 moneys available and in conformance with chapter 17A.

40 7 3. Notwithstanding section 8.33, moneys that remain
40 8 unexpended at the end of a fiscal year shall not revert to any
40 9 fund but shall remain available for expenditure for the
40 10 designated purposes during the succeeding fiscal year.

40 11 Sec. 75. STREAMLINED SALES AND USE TAX REVENUE ==
40 12 APPROPRIATION.

40 13 1. There is appropriated from the general fund of the
40 14 state from moneys credited to the general fund of the state as
40 15 a result of entering into the streamlined sales and use tax
40 16 agreement, for the fiscal period beginning July 1, 2003, and
40 17 ending June 30, 2010, the following amounts to be used for the
40 18 purpose designated:

40 19 For deposit in the grow Iowa values fund created in section
40 20 15G.107, if enacted by 2003 Iowa Acts, House File 692 or
40 21 another Act:

40 22 FY 2003=2004..... \$ 5,000,000
40 23 FY 2004=2005..... \$ 23,000,000
40 24 FY 2005=2006..... \$ 75,000,000
40 25 FY 2006=2007..... \$ 75,000,000
40 26 FY 2007=2008..... \$ 75,000,000
40 27 FY 2008=2009..... \$ 75,000,000
40 28 FY 2009=2010..... \$ 75,000,000

40 29 2. For purposes of this section, "moneys credited to the
40 30 general fund of the state as a result of entering into the
40 31 streamlined sales and use tax agreement" means the amount of
40 32 sales and use tax receipts credited to the general fund of the
40 33 state during a fiscal year that exceeds by two percent or more
40 34 the total sales and use tax receipts credited to the general
40 35 fund of the state during the previous fiscal year.

41 1 a. If the moneys credited to the general fund of the state
41 2 as a result of entering into the streamlined sales and use tax
41 3 agreement during a fiscal year total less than the amount
41 4 appropriated in this section, the appropriation in this
41 5 section shall be reduced to equal the total amount of the
41 6 moneys so credited.

41 7 b. If the appropriation for a fiscal year is reduced
41 8 pursuant to paragraph "a", all appropriations made from the
41 9 grow Iowa values fund for the same fiscal year shall be
41 10 reduced proportionately to the amount reduced due to paragraph
41 11 "a".

41 12 3. Notwithstanding section 8.33, moneys that remain
41 13 unexpended at the end of a fiscal year shall not revert to any
41 14 fund but shall remain available for expenditure for the
41 15 designated purposes during the succeeding fiscal year.

41 16 DIVISION VII

41 17 WORKFORCE=RELATED ISSUES

41 18 Sec. 76. NEW SECTION. 260C.18A WORKFORCE TRAINING AND
41 19 ECONOMIC DEVELOPMENT FUNDS.

41 20 1. a. A workforce training and economic development fund
41 21 is created for each community college. Moneys shall be
41 22 deposited and expended from a fund as provided under this
41 23 section.

41 24 b. Moneys in the funds shall consist of any moneys
41 25 appropriated by the general assembly and any other moneys
41 26 available to and obtained or accepted by the department of
41 27 economic development from federal sources or private sources
41 28 for placement in the funds. Notwithstanding section 8.33,
41 29 moneys in the funds at the end of each fiscal year shall not
41 30 revert to any other fund but shall remain in the funds for
41 31 expenditure in subsequent fiscal years.

41 32 2. On July 1 of each year for the fiscal year beginning
41 33 July 1, 2003, and for every fiscal year thereafter, moneys
41 34 from the grow Iowa values fund created in section 15G.107, if

41 35 enacted by 2003 Iowa Acts, House File 692 or another Act, are
42 1 appropriated to the department of economic development for
42 2 deposit in the workforce training and economic development
42 3 funds in amounts determined pursuant to subsection 3. Moneys
42 4 deposited in the funds and disbursed to community colleges for
42 5 a fiscal year shall be expended for the following purposes,
42 6 provided seventy percent of the moneys shall be used on
42 7 projects in the areas of advanced manufacturing, information
42 8 technology and insurance, and life sciences which include the
42 9 areas of biotechnology, health care technology, and nursing
42 10 care technology:

42 11 a. Projects in which an agreement between a community
42 12 college and an employer located within the community college's
42 13 merged area meet all of the requirements of the accelerated
42 14 career education program under chapter 260G.

42 15 b. Projects in which an agreement between a community
42 16 college and a business meet all the requirements of the Iowa
42 17 jobs training Act under chapter 260F.

42 18 c. For the development and implementation of career
42 19 academies designed to provide new career preparation
42 20 opportunities for high school students that are formally
42 21 linked with postsecondary career and technical education
42 22 programs. For purposes of this section, "career academy"
42 23 means a program of study that combines a minimum of two years
42 24 of secondary education with an associate degree, or the
42 25 equivalent, career preparatory program in a nonduplicative,
42 26 sequential course of study that is standards based, integrates
42 27 academic and technical instruction, utilizes work-based and
42 28 worksite learning where appropriate and available, utilizes an
42 29 individual career planning process with parent involvement,
42 30 and leads to an associate degree or postsecondary diploma or
42 31 certificate in a career field that prepares an individual for
42 32 entry and advancement in a high-skill and reward career field
42 33 and further education. The department of economic
42 34 development, in conjunction with the state board of education
42 35 and the division of community colleges and workforce
43 1 preparation of the department of education, shall adopt
43 2 administrative rules for the development and implementation of
43 3 such career academies pursuant to section 256.11, subsection
43 4 5, paragraph "h", section 260C.1, and Title II of Pub. L. No.
43 5 105=332, Carl D. Perkins Vocational and Technical Education
43 6 Act of 1998.

43 7 d. Programs and courses that provide vocational and
43 8 technical training, and programs for in-service training and
43 9 retraining under section 260C.1, subsections 2 and 3.

43 10 e. Job retention projects under section 260F.9.

43 11 3. Of the moneys appropriated in this section, for the
43 12 fiscal period beginning July 1, 2003, and ending June 30,
43 13 2006, the following amounts shall be designated for the
43 14 purposes of funding job retention projects under section
43 15 260F.9:

43 16 a. One million dollars for the fiscal year beginning July
43 17 1, 2003.

43 18 b. One million dollars for the fiscal year beginning July
43 19 1, 2004.

43 20 c. One million dollars for the fiscal year beginning July
43 21 1, 2005.

43 22 4. The maximum cumulative total amount of moneys that may
43 23 be deposited in all the workforce training and economic
43 24 development funds for distribution to community colleges in a
43 25 fiscal year shall be determined as follows:

43 26 a. Five million dollars for the fiscal year beginning July
43 27 1, 2003.

43 28 b. Five million dollars for the fiscal year beginning July
43 29 1, 2004.

43 30 c. Five million dollars for the fiscal year beginning July
43 31 1, 2005.

43 32 d. Ten million dollars for the fiscal year beginning July
43 33 1, 2006.

43 34 e. For the fiscal year beginning July 1, 2007, and each
43 35 succeeding fiscal year, the grow Iowa values board shall make
44 1 a determination if sufficient moneys exist in the grow Iowa
44 2 values fund to distribute to community colleges.

44 3 5. The department of economic development shall allocate
44 4 the moneys appropriated pursuant to this section to the
44 5 community college workforce training and economic development
44 6 funds utilizing the same distribution formula used for the
44 7 allocation of state general aid to the community colleges.

44 8 6. Each community college shall do all of the following:

44 9 a. Adopt a two-year workforce training and economic
44 10 development fund plan outlining the community college's

44 11 proposed use of moneys appropriated under subsection 2.
44 12 b. Update the two-year plan annually.
44 13 c. Prepare an annual progress report on the two-year
44 14 plan's implementation.
44 15 d. Annually submit the two-year plan and progress report
44 16 to the department of economic development in a manner
44 17 prescribed by rules adopted by the department pursuant to
44 18 chapter 17A and annually file a copy of the plan and progress
44 19 report with the grow Iowa values board. For the fiscal year
44 20 beginning July 1, 2004, and each fiscal year thereafter, a
44 21 community college shall not have moneys deposited in the
44 22 workforce training and economic development fund of that
44 23 community college unless the grow Iowa values board approves
44 24 the annual progress report of the community college.
44 25 7. Any individual project using over one million dollars
44 26 of moneys from a workforce training and economic development
44 27 fund shall require prior approval from the grow Iowa values
44 28 board.

44 29 Sec. 77. NEW SECTION. 260F.9 JOB RETENTION PROGRAM.

44 30 1. The department of economic development shall administer
44 31 the job retention program. The department shall adopt rules
44 32 pursuant to chapter 17A necessary for the administration of
44 33 this section. By January 15 of each year, the department
44 34 shall submit a written report to the general assembly and the
44 35 governor regarding the activities of the job retention program
45 1 during the previous calendar year.

45 2 2. A community college and the department may enter into
45 3 an agreement to establish a job retention project. A job
45 4 retention project agreement shall include, but not be limited
45 5 to, the following:

45 6 a. The date of the agreement.

45 7 b. The anticipated number of employees to be trained.

45 8 c. The estimated cost of training.

45 9 d. A statement regarding the number of employees employed
45 10 by the participating business on the date of the agreement
45 11 which must equal at least the lesser of one thousand employees
45 12 or four percent or more of the county's resident labor force
45 13 based on the most recent annual labor force statistics from
45 14 the department of workforce development.

45 15 e. A commitment that the participating business shall
45 16 invest at least fifteen million dollars to retool the
45 17 workplace and upgrade the facilities of the participating
45 18 business.

45 19 f. A commitment that the participating business shall not
45 20 move the business operation out of this state or close the
45 21 business operation for at least ten years following the date
45 22 of the agreement.

45 23 g. Other criteria established by the department of
45 24 economic development.

45 25 3. A job retention project agreement entered into pursuant
45 26 to this section must be approved by the board of trustees of
45 27 the applicable community college, the department of economic
45 28 development, and the participating business.

45 29 Sec. 78. NEW SECTION. 260F.101 REPORTING.

45 30 A community college entering into an agreement pursuant to
45 31 this chapter shall submit an annual written report by the end
45 32 of each calendar year with the grow Iowa values board created
45 33 in section 15G.102, if enacted by 2003 Iowa Acts, House File
45 34 692 or another Act. The report shall provide information
45 35 regarding how the agreement affects the achievement of the
46 1 goals and performance measures provided in section 15G.106, if
46 2 enacted by 2003 Iowa Acts, House File 692 or another Act.

46 3 Sec. 79. Section 260G.3, subsection 2, Code 2003, is
46 4 amended to read as follows:

46 5 2. An agreement may include reasonable and necessary
46 6 provisions to implement the accelerated career education
46 7 program. If an agreement that utilizes program job credits is
46 8 entered into, the community college and the employer shall
46 9 notify the department of revenue and finance as soon as
46 10 possible. The community college shall also file a copy of the
46 11 agreement with the department of economic development as
46 12 required in section 260G.4B. The agreement shall provide for
46 13 program costs, including deferred costs, which may be paid
46 14 from any of the following sources:

46 15 a. Program job credits which the employer receives based
46 16 on the number of program job positions agreed to by the
46 17 employer to be available under the agreement.

46 18 b. Cash or in-kind contributions by the employer toward
46 19 the program cost. At a minimum, the employer contribution
46 20 shall be twenty percent of the program costs.

46 21 c. Tuition, student fees, or special charges fixed by the

46 22 board of directors to defray program costs.
46 23 d. Guarantee by the employer of payments to be received
46 24 under paragraphs "a" and "b".
46 25 e. Moneys from a workforce training and economic
46 26 development fund created in section 260C.18A, based on the
46 27 number of program job positions agreed to by the employer to
46 28 be available under the agreement, the amount of which shall be
46 29 calculated in the same manner as the program job credits
46 30 provided for in section 260G.4A.

46 31 Sec. 80. NEW SECTION. 260G.101 REPORTING.
46 32 A community college entering into an agreement pursuant to
46 33 this chapter shall submit an annual written report by the end
46 34 of each calendar year with the grow Iowa values board created
46 35 in section 15G.102, if enacted by 2003 Iowa Acts, House File
47 1 692 or another Act. The report shall provide information
47 2 regarding how the agreement affects the achievement of the
47 3 goals and performance measures provided in section 15G.106, if
47 4 enacted by 2003 Iowa Acts, House File 692 or another Act.

47 5 DIVISION VIII

47 6 LOAN AND CREDIT GUARANTEE FUND

47 7 Sec. 81. NEW SECTION. 15E.227 LOAN AND CREDIT GUARANTEE
47 8 FUND.

47 9 1. A loan and credit guarantee fund is created and
47 10 established as a separate and distinct fund in the state
47 11 treasury. Moneys in the fund shall only be used for purposes
47 12 provided in this section. The moneys in the fund are
47 13 appropriated to the department to be used for all of the
47 14 following purposes:

47 15 a. Payment of claims pursuant to loan and credit guarantee
47 16 agreements entered into under this division.

47 17 b. Payment of administrative costs of the department for
47 18 actual and necessary administrative expenses incurred by the
47 19 department in administering the program.

47 20 c. Purchase or buyout of superior or prior liens,
47 21 mortgages, or security interests.

47 22 d. Purchase of insurance to cover the default of loans
47 23 made pursuant to the requirements of the loan and credit
47 24 guarantee program.

47 25 2. Moneys in the loan and credit guarantee fund shall
47 26 consist of all of the following:

47 27 a. Moneys appropriated by the general assembly for that
47 28 purpose and any other moneys available to and obtained or
47 29 accepted by the department for placement in the fund.

47 30 b. Proceeds from collateral assigned to the department,
47 31 fees for guarantees, gifts, and moneys from any grant made to
47 32 the fund by any federal agency.

47 33 c. Moneys appropriated from the grow Iowa values fund
47 34 created in section 15G.107, if enacted by 2003 Iowa Acts,
47 35 House File 692 or another Act.

48 1 3. Moneys in the fund are not subject to section 8.33.
48 2 Notwithstanding section 12C.7, interest or earnings on the
48 3 moneys in the fund shall be credited to the fund.

48 4 4. a. The department shall only pledge moneys in the loan
48 5 and credit guarantee fund and not any other moneys of the
48 6 department. In a fiscal year, the department may pledge an
48 7 amount not to exceed the total amount appropriated to the fund
48 8 for the same fiscal year to assure the repayment of loan and
48 9 credit guarantees or other extensions of credit made to or on
48 10 behalf of qualified businesses or targeted industry businesses
48 11 for eligible project costs.

48 12 b. The department shall not pledge the credit or taxing
48 13 power of this state or any political subdivision of this state
48 14 or make debts payable out of any moneys except for those in
48 15 the loan and credit guarantee fund.

48 16 DIVISION IX

48 17 UNIVERSITY=BASED RESEARCH UTILIZATION

48 18 PROGRAM APPROPRIATION

48 19 Sec. 82. NEW SECTION. 262B.12 APPROPRIATION.

48 20 On July 1 of each year there is appropriated from the
48 21 general fund of the state to each university under the control
48 22 of the state board of regents, an amount equal to the amount
48 23 determined by the department of economic development pursuant
48 24 to section 262B.11, subsection 4, paragraph "c", subparagraph
48 25 (2), if enacted by 2003 Iowa Acts, House File 692 or another
48 26 Act.

48 27 DIVISION X

48 28 ENDOW IOWA TAX CREDIT

48 29 Sec. 83. NEW SECTION. 15E.305 ENDOW IOWA TAX CREDIT.

48 30 1. For tax years beginning on or after January 1, 2003, a
48 31 tax credit shall be allowed against the taxes imposed in
48 32 chapter 422, divisions II, III, and V, and in chapter 432, and

48 33 against the moneys and credits tax imposed in section 533.24
48 34 equal to twenty percent of a taxpayer's endowment gift to a
48 35 qualified community foundation. An individual may claim a tax
49 1 credit under this section of a partnership, limited liability
49 2 company, S corporation, estate, or trust electing to have
49 3 income taxed directly to the individual. The amount claimed
49 4 by the individual shall be based upon the pro rata share of
49 5 the individual's earnings from the partnership, limited
49 6 liability company, S corporation, estate, or trust. A tax
49 7 credit shall be allowed only for an endowment gift made to a
49 8 qualified community foundation for a permanent endowment fund
49 9 established to benefit a charitable cause in this state. Any
49 10 tax credit in excess of the taxpayer's tax liability for the
49 11 tax year may be credited to the tax liability for the
49 12 following five years or until depleted, whichever occurs
49 13 first. A tax credit shall not be carried back to a tax year
49 14 prior to the tax year in which the taxpayer claims the tax
49 15 credit.

49 16 2. The aggregate amount of tax credits authorized pursuant
49 17 to this section shall not exceed a total of two million
49 18 dollars. The maximum amount of tax credits granted to a
49 19 taxpayer shall not exceed five percent of the aggregate amount
49 20 of tax credits authorized.

49 21 3. A tax credit shall not be transferable to any other
49 22 taxpayer.

49 23 4. A tax credit shall not be authorized pursuant to this
49 24 section after December 31, 2005.

49 25 5. The department shall develop a system for registration
49 26 and authorization of tax credits under this section and shall
49 27 control the distribution of all tax credits to taxpayers
49 28 providing an endowment gift subject to this section. The
49 29 department shall adopt administrative rules pursuant to
49 30 chapter 17A for the qualification and administration of
49 31 endowment gifts.

49 32 Sec. 84. NEW SECTION. 422.11H ENDOW IOWA TAX CREDIT.

49 33 The tax imposed under this division, less the credits
49 34 allowed under sections 422.12 and 422.12B, shall be reduced by
49 35 an endow Iowa tax credit authorized pursuant to section
50 1 15E.305.

50 2 Sec. 85. Section 422.33, Code 2003, is amended by adding
50 3 the following new subsection:

50 4 NEW SUBSECTION. 14. The taxes imposed under this division
50 5 shall be reduced by an endow Iowa tax credit authorized
50 6 pursuant to section 15E.305.

50 7 Sec. 86. Section 422.60, Code 2003, is amended by adding
50 8 the following new subsection:

50 9 NEW SUBSECTION. 7. The taxes imposed under this division
50 10 shall be reduced by an endow Iowa tax credit authorized
50 11 pursuant to section 15E.305.

50 12 Sec. 87. NEW SECTION. 432.12D ENDOW IOWA TAX CREDIT.

50 13 The tax imposed under this chapter shall be reduced by an
50 14 endow Iowa tax credit authorized pursuant to section 15E.305.

50 15 Sec. 88. Section 533.24, Code 2003, is amended by adding
50 16 the following new unnumbered paragraph:

50 17 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax
50 18 imposed under this section shall be reduced by an endow Iowa
50 19 tax credit authorized pursuant to section 15E.305.

50 20 Sec. 89. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

50 21 This division of this Act, being deemed of immediate
50 22 importance, takes effect upon enactment and is retroactively
50 23 applicable to January 1, 2003, for tax years beginning on or
50 24 after that date.

50 25 DIVISION XI
50 26 REHABILITATION PROJECT TAX CREDITS

50 27 Sec. 90. Section 404A.4, subsection 4, Code 2003, is
50 28 amended to read as follows:

50 29 4. The total amount of tax credits that may be approved
50 30 for a fiscal year under this chapter shall not exceed two
50 31 million four hundred thousand dollars. For the fiscal years
50 32 beginning July 1, 2005, and July 1, 2006, an additional five
50 33 hundred thousand dollars of tax credits may be approved each
50 34 fiscal year for purposes of projects located in cultural and
50 35 entertainment districts certified pursuant to section 303.3B,
51 1 if enacted by 2003 Iowa Acts, House File 692 or another Act.
51 2 Any of the additional tax credits allocated for projects
51 3 located in certified cultural and entertainment districts that
51 4 are not approved during a fiscal year may be carried over to
51 5 the succeeding fiscal year. Tax credit certificates shall be
51 6 issued on the basis of the earliest awarding of certifications
51 7 of completion as provided in subsection 1. The departments of
51 8 economic development and revenue and finance shall each adopt

51 9 rules to jointly administer this subsection and shall provide
51 10 by rule for the method to be used to determine for which
51 11 fiscal year the tax credits are approved.

51 12 DIVISION XII

51 13 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND

51 14 Sec. 91. Section 8.57, subsection 5, Code 2003, is amended
51 15 by adding the following new paragraph:

51 16 NEW PARAGRAPH. f. There is appropriated from the rebuild
51 17 Iowa infrastructure fund to the secure an advanced vision for
51 18 education fund created in section 422E.3A, for each fiscal
51 19 year of the fiscal period beginning July 1, 2004, and ending
51 20 June 30, 2014, the amount of the moneys in excess of the first
51 21 forty-seven million dollars credited to the rebuild Iowa
51 22 infrastructure fund during the fiscal year, not to exceed ten
51 23 million dollars.

51 24 Sec. 92. NEW SECTION. 292A.3A APPROPRIATION.

51 25 There is appropriated from the general fund of the state
51 26 from moneys credited to the general fund of the state as a
51 27 result of the state entering into the streamlined sales and
51 28 use tax agreement to the secure an advanced vision for
51 29 education fund created in section 422E.3A, the sum of five
51 30 million dollars for each fiscal year of the fiscal period
51 31 beginning July 1, 2004, and ending June 30, 2014. The
51 32 appropriation in this section shall be made after the
51 33 appropriation from the same source to the grow Iowa fund
51 34 created in 2003 Iowa Acts, House File 692 or another Act. For
51 35 purposes of this section, "moneys credited to the general fund
52 1 of the state as a result of entering into the streamlined
52 2 sales and use tax agreement" means the amount of sales and use
52 3 tax receipts credited to the general fund of the state during
52 4 a fiscal year that exceeds by two percent or more the total
52 5 sales and use tax receipts credited to the general fund of the
52 6 state during the previous fiscal year.

52 7 DIVISION XIII

52 8 REPEALS

52 9 Sec. 93. The divisions of this Act designated economic
52 10 development appropriations, workforce-related issues, loan and
52 11 credit guarantee fund, university-based research utilization
52 12 program appropriation, endow Iowa tax credit, and
52 13 rehabilitation project tax credits are repealed effective June
52 14 30, 2010.

52 15 DIVISION XIV

52 16 STREAMLINED SALES AND USE TAXES

52 17 SUBCHAPTER I

52 18 DEFINITIONS

52 19 Sec. 94. NEW SECTION. 423.1 DEFINITIONS.

52 20 As used in this chapter the following words, terms, and
52 21 phrases have the meanings ascribed to them by this section,
52 22 except where the context clearly indicates that a different
52 23 meaning is intended:

52 24 1. "Agent" means a person appointed by a seller to
52 25 represent the seller before the member states.

52 26 2. "Agreement" means the streamlined sales and use tax
52 27 agreement authorized by subchapter IV of this chapter to
52 28 provide a mechanism for establishing and maintaining a
52 29 cooperative, simplified system for the application and
52 30 administration of sales and use taxes.

52 31 3. "Agricultural production" includes the production of
52 32 flowering, ornamental, or vegetable plants in commercial
52 33 greenhouses or otherwise, and production from aquaculture.
52 34 "Agricultural products" includes flowering, ornamental, or
52 35 vegetable plants and those products of aquaculture.

53 1 4. "Business" includes any activity engaged in by any
53 2 person or caused to be engaged in by the person with the
53 3 object of gain, benefit, or advantage, either direct or
53 4 indirect.

53 5 5. "Certificate of title" means a certificate of title
53 6 issued for a vehicle or for manufactured housing under chapter
53 7 321.

53 8 6. "Certified automated system" means software certified
53 9 under the agreement to calculate the tax imposed by each
53 10 jurisdiction on a transaction, determine the amount of tax to
53 11 remit to the appropriate state, and maintain a record of the
53 12 transaction.

53 13 7. "Certified service provider" means an agent certified
53 14 under the agreement to perform all of a seller's sales or use
53 15 tax functions, other than the seller's obligation to remit tax
53 16 on its own purchases.

53 17 8. "Computer" means an electronic device that accepts
53 18 information in digital or similar form and manipulates the
53 19 information for a result based on a sequence of instructions.

53 20 9. "Computer software" means a set of coded instructions
53 21 designed to cause a computer or automatic data processing
53 22 equipment to perform a task.

53 23 10. "Delivered electronically" means delivered to the
53 24 purchaser by means other than tangible storage media.

53 25 11. "Delivery charges" means charges assessed by a seller
53 26 of personal property or services for preparation and delivery
53 27 to a location designated by the purchaser of personal property
53 28 or services including, but not limited to, transportation,
53 29 shipping, postage, handling, crating, and packing charges.

53 30 12. "Department" means the department of revenue and
53 31 finance.

53 32 13. "Direct mail" means printed material delivered or
53 33 distributed by United States mail or other delivery service to
53 34 a mass audience or to addressees on a mailing list provided by
53 35 the purchaser or at the direction of the purchaser when the
54 1 cost of the items is not billed directly to the recipients.

54 2 "Direct mail" includes tangible personal property supplied
54 3 directly or indirectly by the purchaser to the direct mail
54 4 seller for inclusion in the package containing the printed
54 5 material. "Direct mail" does not include multiple items of
54 6 printed material delivered to a single address.

54 7 14. "Director" means the director of revenue and finance.

54 8 15. "Electronic" means relating to technology having
54 9 electrical, digital, magnetic, wireless, optical,
54 10 electromagnetic, or similar capabilities.

54 11 16. "Farm deer" means the same as defined in section
54 12 189A.2.

54 13 17. "Farm machinery and equipment" means machinery and
54 14 equipment used in agricultural production.

54 15 18. "First use of a service". A "first use of a service"
54 16 occurs, for the purposes of this chapter, when a service is
54 17 rendered, furnished, or performed in Iowa or if rendered,
54 18 furnished, or performed outside of Iowa, when the product or
54 19 result of the service is used in Iowa.

54 20 19. "Goods, wares, or merchandise" means the same as
54 21 tangible personal property.

54 22 20. "Governing board" means the group comprised of
54 23 representatives of the member states of the agreement which is
54 24 created by the agreement to be responsible for the agreement's
54 25 administration and operation.

54 26 21. "Installed purchase price" is the amount charged,
54 27 valued in money whether paid in money or otherwise, by a
54 28 building contractor to convert manufactured housing from
54 29 tangible personal property into realty. "Installed purchase
54 30 price" includes, but is not limited to, amounts charged for
54 31 installing a foundation and electrical and plumbing hookups.
54 32 "Installed purchase price" excludes any amount charged for
54 33 landscaping in connection with the conversion.

54 34 22. "Lease or rental".

54 35 a. "Lease or rental" means any transfer of possession or
55 1 control of tangible personal property for a fixed or
55 2 indeterminate term for consideration. A "lease or rental" may
55 3 include future options to purchase or extend.

55 4 b. "Lease or rental" includes agreements covering motor
55 5 vehicles and trailers when the amount of consideration may be
55 6 increased or decreased by reference to the amount realized
55 7 upon sale or disposition of the property as defined in 26
55 8 U.S.C. } 7701(h)(1).

55 9 c. "Lease or rental" does not include any of the
55 10 following:

55 11 (1) A transfer of possession or control of property under
55 12 a security agreement or deferred payment plan that requires
55 13 the transfer of title upon completion of the required
55 14 payments.

55 15 (2) A transfer of possession or control of property under
55 16 an agreement that requires the transfer of title upon
55 17 completion of required payments, and payment of any option
55 18 price does not exceed the greater of one hundred dollars or
55 19 one percent of the total required payments.

55 20 (3) Providing tangible personal property along with an
55 21 operator for a fixed or indeterminate period of time. A
55 22 condition of this exclusion is that the operator is necessary
55 23 for the equipment to perform as designed. For the purpose of
55 24 this subparagraph, an operator must do more than maintain,
55 25 inspect, or set up the tangible personal property.

55 26 d. This definition shall be used for sales and use tax
55 27 purposes regardless of whether a transaction is characterized
55 28 as a lease or rental under generally accepted accounting
55 29 principles, the Internal Revenue Code, the Uniform Commercial
55 30 Code, or other provisions of federal, state, or local law.

55 31 23. "Livestock" includes but is not limited to an animal
55 32 classified as an ostrich, rhea, emu, bison, or farm deer.

55 33 24. "Manufactured housing" means "manufactured home" as
55 34 defined in section 321.1.

55 35 25. "Member state" is any state which has signed the
56 1 agreement.

56 2 26. "Mobile home" means "manufactured or mobile home" as
56 3 defined in section 321.1.

56 4 27. "Model 1 seller" is a seller that has selected a
56 5 certified service provider as its agent to perform all the
56 6 seller's sales and use tax functions, other than the seller's
56 7 obligation to remit tax on its own purchases.

56 8 28. "Model 2 seller" is a seller that has selected a
56 9 certified automated system to perform part of its sales and
56 10 use tax functions, but retains responsibility for remitting
56 11 the tax.

56 12 29. "Model 3 seller" is a seller that has sales in at
56 13 least five member states, has total annual sales revenue of at
56 14 least five hundred million dollars, has a proprietary system
56 15 that calculates the amount of tax due each jurisdiction, and
56 16 has entered into a performance agreement with the member
56 17 states that establishes a tax performance standard for the
56 18 seller. As used in this definition, a "seller" includes an
56 19 affiliated group of sellers using the same proprietary system.

56 20 30. "Nonresidential commercial operations" means
56 21 industrial, commercial, mining, or agricultural operations,
56 22 whether for profit or not, but does not include apartment
56 23 complexes or mobile home parks.

56 24 31. "Not registered under the agreement" means lack of
56 25 registration by a seller with the member states under the
56 26 central registration system referenced in section 423.11,
56 27 subsection 4.

56 28 32. "Person" means an individual, trust, estate,
56 29 fiduciary, partnership, limited liability company, limited
56 30 liability partnership, corporation, or any other legal entity.

56 31 33. "Place of business" means any warehouse, store, place,
56 32 office, building, or structure where goods, wares, or
56 33 merchandise are offered for sale at retail or where any
56 34 taxable amusement is conducted, or each office where gas,
56 35 water, heat, communication, or electric services are offered
57 1 for sale at retail.

57 2 When a retailer or amusement operator sells merchandise by
57 3 means of vending machines or operates music or amusement
57 4 devices by coin-operated machines at more than one location
57 5 within the state, the office, building, or place where the
57 6 books, papers, and records of the taxpayer are kept shall be
57 7 deemed to be the taxpayer's place of business.

57 8 34. "Prewritten computer software" includes software
57 9 designed and developed by the author or other creator to the
57 10 specifications of a specific purchaser when it is sold to a
57 11 person other than the purchaser. The combining of two or more
57 12 prewritten computer software programs or prewritten portions
57 13 of prewritten programs does not cause the combination to be
57 14 other than prewritten computer software. "Prewritten computer
57 15 software" also means computer software, including prewritten
57 16 upgrades, which is not designed and developed by the author or
57 17 other creator to the specifications of a specific purchaser.

57 18 When a person modifies or enhances computer software of
57 19 which the person is not the author or creator, the person
57 20 shall be deemed to be the author or creator only of such
57 21 person's modifications or enhancements. Prewritten computer
57 22 software or a prewritten portion of the prewritten software
57 23 that is modified or enhanced to any degree, when such
57 24 modification or enhancement is designed and developed to the
57 25 specifications of a specific purchaser, remains prewritten
57 26 computer software. However, when there is a reasonable,
57 27 separately stated charge or an invoice or other statement of
57 28 the price given to the purchaser for such modification or
57 29 enhancement, such modification or enhancement shall not
57 30 constitute prewritten computer software.

57 31 35. "Property purchased for resale in connection with the
57 32 performance of a service" means property which is purchased
57 33 for resale in connection with the rendition, furnishing, or
57 34 performance of a service by a person who renders, furnishes,
57 35 or performs the service if all of the following occur:

58 1 a. The provider and user of the service intend that a sale
58 2 of the property will occur.

58 3 b. The property is transferred to the user of the service
58 4 in connection with the performance of the service in a form or
58 5 quantity capable of a fixed or definite price value.

58 6 c. The sale is evidenced by a separate charge for the

58 7 identifiable piece of property.
58 8 36. "Purchase" means any transfer, exchange, or barter,
58 9 conditional or otherwise, in any manner or by any means
58 10 whatsoever, for a consideration.
58 11 37. "Purchase price" means the same as "sales price" as
58 12 defined in this section.
58 13 38. "Purchaser" is a person to whom a sale of personal
58 14 property is made or to whom a service is furnished.
58 15 39. "Receive" and "receipt" mean any of the following:
58 16 a. Taking possession of tangible personal property.
58 17 b. Making first use of a service.
58 18 c. Taking possession or making first use of digital goods,
58 19 whichever comes first.
58 20 "Receive" and "receipt" do not include possession by a
58 21 shipping company on behalf of a purchaser.
58 22 40. "Registered under the agreement" means registration by
58 23 a seller under the central registration system referenced in
58 24 section 423.11, subsection 4.
58 25 41. "Relief agency" means the state, any county, city and
58 26 county, city, or district thereof, or any agency engaged in
58 27 actual relief work.
58 28 42. "Retailer" means and includes every person engaged in
58 29 the business of selling tangible personal property or taxable
58 30 services at retail, or the furnishing of gas, electricity,
58 31 water, or communication service, and tickets or admissions to
58 32 places of amusement and athletic events or operating amusement
58 33 devices or other forms of commercial amusement from which
58 34 revenues are derived. However, when in the opinion of the
58 35 director it is necessary for the efficient administration of
59 1 this chapter to regard any salespersons, representatives,
59 2 truckers, peddlers, or canvassers as agents of the dealers,
59 3 distributors, supervisors, employers, or persons under whom
59 4 they operate or from whom they obtain tangible personal
59 5 property sold by them irrespective of whether or not they are
59 6 making sales on their own behalf or on behalf of such dealers,
59 7 distributors, supervisors, employers, or persons, the director
59 8 may so regard them, and may regard such dealers, distributors,
59 9 supervisors, employers, or persons as retailers for the
59 10 purposes of this chapter. "Retailer" includes a seller
59 11 obligated to collect sales or use tax.
59 12 43. "Retailer maintaining a place of business in this
59 13 state" or any like term includes any retailer having or
59 14 maintaining within this state, directly or by a subsidiary, an
59 15 office, distribution house, sales house, warehouse, or other
59 16 place of business, or any representative operating within this
59 17 state under the authority of the retailer or its subsidiary,
59 18 irrespective of whether that place of business or
59 19 representative is located here permanently or temporarily, or
59 20 whether the retailer or subsidiary is admitted to do business
59 21 within this state pursuant to chapter 490.
59 22 44. "Retailers who are not model sellers" means all
59 23 retailers other than model 1, model 2, or model 3 sellers.
59 24 45. "Retail sale" or "sale at retail" means any sale,
59 25 lease, or rental for any purpose other than resale, sublease,
59 26 or subrent.
59 27 46. "Sales" or "sale" means any transfer, exchange, or
59 28 barter, conditional or otherwise, in any manner or by any
59 29 means whatsoever, for consideration.
59 30 47. "Sales price" applies to the measure subject to sales
59 31 tax.
59 32 a. "Sales price" means the total amount of consideration,
59 33 including cash, credit, property, and services, for which
59 34 personal property or services are sold, leased, or rented,
59 35 valued in money, whether received in money or otherwise,
60 1 without any deduction for any of the following:
60 2 (1) The seller's cost of the property sold.
60 3 (2) The cost of materials used, labor or service cost,
60 4 interest, losses, all costs of transportation to the seller,
60 5 all taxes imposed on the seller, and any other expenses of the
60 6 seller.
60 7 (3) Charges by the seller for any services necessary to
60 8 complete the sale, other than delivery and installation
60 9 charges.
60 10 (4) Delivery charges.
60 11 (5) Installation charges.
60 12 (6) The value of exempt personal property given to the
60 13 purchaser where taxable and exempt personal property have been
60 14 bundled together and sold by the seller as a single product or
60 15 piece of merchandise.
60 16 (7) Credit for any trade-in authorized by section 423.3,
60 17 subsection 58.

60 18 b. "Sales price" does not include:
60 19 (1) Discounts, including cash, term, or coupons that are
60 20 not reimbursed by a third party that are allowed by a seller
60 21 and taken by a purchaser on a sale.
60 22 (2) Interest, financing, and carrying charges from credit
60 23 extended on the sale of personal property or services, if the
60 24 amount is separately stated on the invoice, bill of sale, or
60 25 similar document given to the purchaser.
60 26 (3) Any taxes legally imposed directly on the consumer
60 27 that are separately stated on the invoice, bill of sale, or
60 28 similar document given to the purchaser.
60 29 (4) The amounts received for charges included in paragraph
60 30 "a", subparagraphs (3) through (7), if they are separately
60 31 contracted for and separately stated on the invoice, billing,
60 32 or similar document given to the purchaser.
60 33 48. "Sales tax" means the tax levied under subchapter II
60 34 of this chapter.
60 35 49. "Seller" means any person making sales, leases, or
61 1 rentals of personal property or services.
61 2 50. "Services" means all acts or services rendered,
61 3 furnished, or performed, other than services used in
61 4 processing of tangible personal property for use in retail
61 5 sales or services, for an employer, as defined in section
61 6 422.4, subsection 3, for a valuable consideration by any
61 7 person engaged in any business or occupation specifically
61 8 enumerated in section 423.2. The tax shall be due and
61 9 collectible when the service is rendered, furnished, or
61 10 performed for the ultimate user of the service.
61 11 51. "Services used in the processing of tangible personal
61 12 property" includes the reconditioning or repairing of tangible
61 13 personal property of the type normally sold in the regular
61 14 course of the retailer's business and which is held for sale.
61 15 52. "State" means any state of the United States and the
61 16 District of Columbia.
61 17 53. "System" means the central electronic registration
61 18 system maintained by Iowa and other states which are
61 19 signatories to the agreement.
61 20 54. "Tangible personal property" means personal property
61 21 that can be seen, weighed, measured, felt, or touched, or that
61 22 is in any other manner perceptible to the senses. "Tangible
61 23 personal property" includes electricity, water, gas, steam,
61 24 and prewritten computer software.
61 25 55. "Taxpayer" includes any person who is subject to a tax
61 26 imposed by this chapter, whether acting on the person's own
61 27 behalf or as a fiduciary.
61 28 56. "Trailer" shall mean every trailer, as is now or may
61 29 be hereafter so defined by chapter 321, which is required to
61 30 be registered or is subject only to the issuance of a
61 31 certificate of title under chapter 321.
61 32 57. "Use" means and includes the exercise by any person of
61 33 any right or power over tangible personal property incident to
61 34 the ownership of that property. A retailer's or building
61 35 contractor's sale of manufactured housing for use in this
62 1 state, whether in the form of tangible personal property or of
62 2 realty, is a use of that property for the purposes of this
62 3 chapter.
62 4 58. "Use tax" means the tax levied under subchapter III of
62 5 this chapter for which the retailer collects and remits tax to
62 6 the department.
62 7 59. "User" means the immediate recipient of the services
62 8 who is entitled to exercise a right of power over the product
62 9 of such services.
62 10 60. "Value of services" means the price to the user
62 11 exclusive of any direct tax imposed by the federal government
62 12 or by this chapter.
62 13 61. "Vehicles subject to registration" means any vehicle
62 14 subject to registration pursuant to section 321.18.

SUBCHAPTER II

SALES TAX

62 17 Sec. 95. NEW SECTION. 423.2 TAX IMPOSED.

62 18 1. There is imposed a tax of five percent upon the sales
62 19 price of all sales of tangible personal property, consisting
62 20 of goods, wares, or merchandise, sold at retail in the state
62 21 to consumers or users except as otherwise provided in this
62 22 subchapter.

62 23 a. For the purposes of this subchapter, sales of the
62 24 following services are treated as if they were sales of
62 25 tangible personal property:

62 26 (1) Sales of engraving, photography, retouching, printing,
62 27 and binding services.

62 28 (2) Sales of vulcanizing, recapping, and retreading

62 29 services.

62 30 (3) Sales of prepaid telephone calling cards and prepaid
62 31 authorization numbers.

62 32 (4) Sales of optional service or warranty contracts,
62 33 except residential service contracts regulated under chapter
62 34 523C, which provide for the furnishing of labor and materials
62 35 and require the furnishing of any taxable service enumerated
63 1 under this section. The sales price is subject to tax even if
63 2 some of the services furnished are not enumerated under this
63 3 section. Additional sales, services, or use taxes shall not
63 4 be levied on services, parts, or labor provided under optional
63 5 service or warranty contracts which are subject to tax under
63 6 this subsection.

63 7 If the optional service or warranty contract is a computer
63 8 software maintenance or support service contract and there is
63 9 no separately stated fee for the taxable personal property or
63 10 for the nontaxable service, the tax imposed by this subsection
63 11 shall be imposed on fifty percent of the sales price from the
63 12 sale of such contract. If the contract provides for technical
63 13 support services only, no tax shall be imposed under this
63 14 subsection. The provisions of this subparagraph (4) also
63 15 apply to the use tax.

63 16 (5) Renting of rooms, apartments, or sleeping quarters in
63 17 a hotel, motel, inn, public lodging house, rooming house,
63 18 mobile home which is tangible personal property, or tourist
63 19 court, or in any place where sleeping accommodations are
63 20 furnished to transient guests for rent, whether with or
63 21 without meals. "Renting" and "rent" include any kind of
63 22 direct or indirect charge for such rooms, apartments, or
63 23 sleeping quarters, or their use. However, the tax does not
63 24 apply to the sales price from the renting of a room,
63 25 apartment, or sleeping quarters while rented by the same
63 26 person for a period of more than thirty-one consecutive days.

63 27 b. Sales of building materials, supplies, and equipment to
63 28 owners, contractors, subcontractors, or builders for the
63 29 erection of buildings or the alteration, repair, or
63 30 improvement of real property are retail sales of tangible
63 31 personal property in whatever quantity sold. Where the owner,
63 32 contractor, subcontractor, or builder is also a retailer
63 33 holding a retail sales tax permit and transacting retail sales
63 34 of building materials, supplies, and equipment, the person
63 35 shall purchase such items of tangible personal property
64 1 without liability for the tax if such property will be subject
64 2 to the tax at the time of resale or at the time it is
64 3 withdrawn from inventory for construction purposes. The sales
64 4 tax shall be due in the reporting period when the materials,
64 5 supplies, and equipment are withdrawn from inventory for
64 6 construction purposes or when sold at retail. The tax shall
64 7 not be due when materials are withdrawn from inventory for use
64 8 in construction outside of Iowa and the tax shall not apply to
64 9 tangible personal property purchased and consumed by the
64 10 manufacturer as building materials in the performance by the
64 11 manufacturer or its subcontractor of construction outside of
64 12 Iowa. The sale of carpeting is not a sale of building
64 13 materials. The sale of carpeting to owners, contractors,
64 14 subcontractors, or builders shall be treated as the sale of
64 15 ordinary tangible personal property and subject to the tax
64 16 imposed under this subsection and the use tax.

64 17 c. The use within this state of tangible personal property
64 18 by the manufacturer thereof, as building materials, supplies,
64 19 or equipment, in the performance of construction contracts in
64 20 Iowa, shall, for the purpose of this subchapter, be construed
64 21 as a sale at retail of tangible personal property by the
64 22 manufacturer who shall be deemed to be the consumer of such
64 23 tangible personal property. The tax shall be computed upon
64 24 the cost to the manufacturer of the fabrication or production
64 25 of the tangible personal property.

64 26 2. A tax of five percent is imposed upon the sales price
64 27 of the sale or furnishing of gas, electricity, water, heat,
64 28 pay television service, and communication service, including
64 29 the sales price from such sales by any municipal corporation
64 30 or joint water utility furnishing gas, electricity, water,
64 31 heat, pay television service, and communication service to the
64 32 public in its proprietary capacity, except as otherwise
64 33 provided in this subchapter, when sold at retail in the state
64 34 to consumers or users.

64 35 3. A tax of five percent is imposed upon the sales price
65 1 of all sales of tickets or admissions to places of amusement,
65 2 fairs, and athletic events except those of elementary and
65 3 secondary educational institutions. A tax of five percent is
65 4 imposed on the sales price of an entry fee or like charge

65 5 imposed solely for the privilege of participating in an
65 6 activity at a place of amusement, fair, or athletic event
65 7 unless the sales price of tickets or admissions charges for
65 8 observing the same activity are taxable under this subchapter.
65 9 A tax of five percent is imposed upon that part of private
65 10 club membership fees or charges paid for the privilege of
65 11 participating in any athletic sports provided club members.

65 12 4. A tax of five percent is imposed upon the sales price
65 13 derived from the operation of all forms of amusement devices
65 14 and games of skill, games of chance, raffles, and bingo games
65 15 as defined in chapter 99B, operated or conducted within the
65 16 state, the tax to be collected from the operator in the same
65 17 manner as for the collection of taxes upon the sales price of
65 18 tickets or admission as provided in this section. Nothing in
65 19 this subsection shall legalize any games of skill or chance or
65 20 slot-operated devices which are now prohibited by law.

65 21 The tax imposed under this subsection covers the total
65 22 amount from the operation of games of skill, games of chance,
65 23 raffles, and bingo games as defined in chapter 99B, and
65 24 musical devices, weighing machines, shooting galleries,
65 25 billiard and pool tables, bowling alleys, pinball machines,
65 26 slot-operated devices selling merchandise not subject to the
65 27 general sales taxes and on the total amount from devices or
65 28 systems where prizes are in any manner awarded to patrons and
65 29 upon the receipts from fees charged for participation in any
65 30 game or other form of amusement, and generally upon the sales
65 31 price from any source of amusement operated for profit, not
65 32 specified in this section, and upon the sales price from which
65 33 tax is not collected for tickets or admission, but tax shall
65 34 not be imposed upon any activity exempt from sales tax under
65 35 section 423.3, subsection 78. Every person receiving any
66 1 sales price from the sources described in this section is
66 2 subject to all provisions of this subchapter relating to
66 3 retail sales tax and other provisions of this chapter as
66 4 applicable.

66 5 5. There is imposed a tax of five percent upon the sales
66 6 price from the furnishing of services as defined in section
66 7 423.1.

66 8 6. The sales price of any of the following enumerated
66 9 services is subject to the tax imposed by subsection 5:
66 10 alteration and garment repair; armored car; vehicle repair;
66 11 battery, tire, and allied; investment counseling; service
66 12 charges of all financial institutions; barber and beauty; boat
66 13 repair; vehicle wash and wax; campgrounds; carpentry; roof,
66 14 shingle, and glass repair; dance schools and dance studios;
66 15 dating services; dry cleaning, pressing, dyeing, and
66 16 laundering; electrical and electronic repair and installation;
66 17 excavating and grading; farm implement repair of all kinds;
66 18 flying service; furniture, rug, carpet, and upholstery repair
66 19 and cleaning; fur storage and repair; golf and country clubs
66 20 and all commercial recreation; gun and camera repair; house
66 21 and building moving; household appliance, television, and
66 22 radio repair; janitorial and building maintenance or cleaning;
66 23 jewelry and watch repair; lawn care, landscaping, and tree
66 24 trimming and removal; limousine service, including driver;
66 25 machine operator; machine repair of all kinds; motor repair;
66 26 motorcycle, scooter, and bicycle repair; oilers and
66 27 lubricators; office and business machine repair; painting,
66 28 papering, and interior decorating; parking facilities; pay
66 29 television; pet grooming; pipe fitting and plumbing; wood
66 30 preparation; executive search agencies; private employment
66 31 agencies, excluding services for placing a person in
66 32 employment where the principal place of employment of that
66 33 person is to be located outside of the state; reflexology;
66 34 security and detective services; sewage services for
66 35 nonresidential commercial operations; sewing and stitching;
67 1 shoe repair and shoeshine; sign construction and installation;
67 2 storage of household goods, mini-storage, and warehousing of
67 3 raw agricultural products; swimming pool cleaning and
67 4 maintenance; tanning beds or salons; taxidermy services;
67 5 telephone answering service; test laboratories, including
67 6 mobile testing laboratories and field testing by testing
67 7 laboratories, and excluding tests on humans or animals;
67 8 termite, bug, roach, and pest eradicators; tin and sheet metal
67 9 repair; Turkish baths, massage, and reducing salons, excluding
67 10 services provided by massage therapists licensed under chapter
67 11 152C; water conditioning and softening; weighing; welding;
67 12 well drilling; wrapping, packing, and packaging of merchandise
67 13 other than processed meat, fish, fowl, and vegetables;
67 14 wrecking service; wrecker and towing.

67 15 For the purposes of this subsection, the sales price of a

67 16 lease or rental includes rents, royalties, and copyright and
67 17 license fees. For the purposes of this subsection, "financial
67 18 institutions" means all national banks, federally chartered
67 19 savings and loan associations, federally chartered savings
67 20 banks, federally chartered credit unions, banks organized
67 21 under chapter 524, savings and loan associations and savings
67 22 banks organized under chapter 534, and credit unions organized
67 23 under chapter 533.

67 24 7. a. A tax of five percent is imposed upon the sales
67 25 price from the sales, furnishing, or service of solid waste
67 26 collection and disposal service.

67 27 For purposes of this subsection, "solid waste" means
67 28 garbage, refuse, sludge from a water supply treatment plant or
67 29 air contaminant treatment facility, and other discarded waste
67 30 materials and sludges, in solid, semisolid, liquid, or
67 31 contained gaseous form, resulting from nonresidential
67 32 commercial operations, but does not include auto hulks; street
67 33 sweepings; ash; construction debris; mining waste; trees;
67 34 tires; lead acid batteries; used oil; hazardous waste; animal
67 35 waste used as fertilizer; earthen fill, boulders, or rock;
68 1 foundry sand used for daily cover at a sanitary landfill;
68 2 sewage sludge; solid or dissolved material in domestic sewage
68 3 or other common pollutants in water resources, such as silt,
68 4 dissolved or suspended solids in industrial waste water
68 5 effluents or discharges which are point sources subject to
68 6 permits under section 402 of the federal Water Pollution
68 7 Control Act, or dissolved materials in irrigation return
68 8 flows; or source, special nuclear, or by-product material
68 9 defined by the federal Atomic Energy Act of 1954.

68 10 A recycling facility that separates or processes recyclable
68 11 materials and that reduces the volume of the waste by at least
68 12 eighty-five percent is exempt from the tax imposed by this
68 13 subsection if the waste exempted is collected and disposed of
68 14 separately from other solid waste.

68 15 b. A person who transports solid waste generated by that
68 16 person or another person without compensation shall pay the
68 17 tax imposed by this subsection at the collection or disposal
68 18 facility based on the disposal charge or tipping fee.
68 19 However, the costs of a service or portion of a service to
68 20 collect and manage recyclable materials separated from solid
68 21 waste by the waste generator are exempt from the tax imposed
68 22 by this subsection.

68 23 8. a. A tax of five percent is imposed upon the sales
68 24 price from sales of bundled services contracts. For purposes
68 25 of this subsection, a "bundled services contract" means an
68 26 agreement providing for a retailer's performance of services,
68 27 one or more of which is a taxable service enumerated in this
68 28 section and one or more of which is not, in return for a
68 29 consumer's or user's single payment for the performance of the
68 30 services, with no separate statement to the consumer or user
68 31 of what portion of that payment is attributable to any one
68 32 service which is a part of the contract.

68 33 b. For purposes of the administration of the tax on
68 34 bundled services contracts, the director may enter into
68 35 agreements of limited duration with individual retailers,
69 1 groups of retailers, or organizations representing retailers
69 2 of bundled services contracts. Such an agreement shall impose
69 3 the tax rate only upon that portion of the sales price from a
69 4 bundled services contract which is attributable to taxable
69 5 services provided under the contract.

69 6 9. A tax of five percent is imposed upon the sales price
69 7 from any mobile telecommunications service which this state is
69 8 allowed to tax by the provisions of the federal Mobile
69 9 Telecommunications Sourcing Act, Pub. L. No. 106=252, 4 U.S.C.
69 10 } 116 et seq. For purposes of this subsection, taxes on
69 11 mobile telecommunications service, as defined under the
69 12 federal Mobile Telecommunications Sourcing Act that are deemed
69 13 to be provided by the customer's home service provider, shall
69 14 be paid to the taxing jurisdiction whose territorial limits
69 15 encompass the customer's place of primary use, regardless of
69 16 where the mobile telecommunications service originates,
69 17 terminates, or passes through and shall in all other respects
69 18 be taxed in conformity with the federal Mobile
69 19 Telecommunications Sourcing Act. All other provisions of the
69 20 federal Mobile Telecommunications Sourcing Act are adopted by
69 21 the state of Iowa and incorporated into this subsection by
69 22 reference. With respect to mobile telecommunications service
69 23 under the federal Mobile Telecommunications Sourcing Act, the
69 24 director shall, if requested, enter into agreements consistent
69 25 with the provisions of the federal Act.

69 26 10. All revenues arising under the operation of the

69 27 provisions of this section shall be deposited into the general
69 28 fund of the state.

69 29 Sec. 96. NEW SECTION. 423.3 EXEMPTIONS.

69 30 There is exempted from the provisions of this subchapter
69 31 and from the computation of the amount of tax imposed by it
69 32 the following:

69 33 1. The sales price from sales of tangible personal
69 34 property and services furnished which this state is prohibited
69 35 from taxing under the Constitution or laws of the United
70 1 States or under the Constitution of this state.

70 2 2. The sales price of sales for resale of tangible
70 3 personal property or taxable services, or for resale of
70 4 tangible personal property in connection with the furnishing
70 5 of taxable services.

70 6 3. The sales price of agricultural breeding livestock and
70 7 domesticated fowl.

70 8 4. The sales price of commercial fertilizer.

70 9 5. The sales price of agricultural limestone, herbicide,
70 10 pesticide, insecticide, including adjuvants, surfactants, and
70 11 other products directly related to the application enhancement
70 12 of those products, food, medication, or agricultural drain
70 13 tile, including installation of agricultural drain tile, any
70 14 of which are to be used in disease control, weed control,
70 15 insect control, or health promotion of plants or livestock
70 16 produced as part of agricultural production for market.

70 17 6. The sales price of tangible personal property which
70 18 will be consumed as fuel in creating heat, power, or steam for
70 19 grain drying, or for providing heat or cooling for livestock
70 20 buildings or for greenhouses or buildings or parts of
70 21 buildings dedicated to the production of flowering,
70 22 ornamental, or vegetable plants intended for sale in the
70 23 ordinary course of business, or for use in cultivation of
70 24 agricultural products by aquaculture, or in implements of
70 25 husbandry engaged in agricultural production.

70 26 7. The sales price of services furnished by specialized
70 27 flying implements of husbandry used for agricultural aerial
70 28 spraying.

70 29 8. The sales price exclusive of services of farm machinery
70 30 and equipment, including auxiliary attachments which improve
70 31 the performance, safety, operation, or efficiency of the
70 32 machinery and equipment and replacement parts, if the
70 33 following conditions are met:

70 34 a. The farm machinery and equipment shall be directly and
70 35 primarily used in production of agricultural products.

71 1 b. The farm machinery and equipment shall constitute self=
71 2 propelled implements or implements customarily drawn or
71 3 attached to self-propelled implements or the farm machinery or
71 4 equipment is a grain dryer.

71 5 c. The replacement part is essential to any repair or
71 6 reconstruction necessary to the farm machinery's or
71 7 equipment's exempt use in the production of agricultural
71 8 products.

71 9 Vehicles subject to registration, as defined in section
71 10 423.1, or replacement parts for such vehicles, are not
71 11 eligible for this exemption.

71 12 9. The sales price of wood chips, sawdust, hay, straw,
71 13 paper, or other materials used for bedding in the production
71 14 of agricultural livestock or fowl.

71 15 10. The sales price of gas, electricity, water, or heat to
71 16 be used in implements of husbandry engaged in agricultural
71 17 production.

71 18 11. The sales price exclusive of services of farm
71 19 machinery and equipment, including auxiliary attachments which
71 20 improve the performance, safety, operation, or efficiency of
71 21 the machinery and equipment and replacement parts, if all of
71 22 the following conditions are met:

71 23 a. The implement, machinery, or equipment is directly and
71 24 primarily used in livestock or dairy production, aquaculture
71 25 production, or the production of flowering, ornamental, or
71 26 vegetable plants.

71 27 b. The implement is not a self-propelled implement or
71 28 implement customarily drawn or attached to self-propelled
71 29 implements.

71 30 c. The replacement part is essential to any repair or
71 31 reconstruction necessary to the farm machinery's or
71 32 equipment's exempt use in livestock or dairy production,
71 33 aquaculture production, or the production of flowering,
71 34 ornamental, or vegetable plants.

71 35 12. The sales price, exclusive of services, from sales of
72 1 irrigation equipment used in farming operations.

72 2 13. The sales price from the sale or rental of irrigation

72 3 equipment, whether installed above or below ground, to a
72 4 contractor or farmer if the equipment will be primarily used
72 5 in agricultural operations.

72 6 14. The sales price from the sales of horses, commonly
72 7 known as draft horses, when purchased for use and so used as
72 8 draft horses.

72 9 15. The sales price from the sale of property which is a
72 10 container, label, carton, pallet, packing case, wrapping,
72 11 baling wire, twine, bag, bottle, shipping case, or other
72 12 similar article or receptacle sold for use in agricultural,
72 13 livestock, or dairy production.

72 14 16. The sales price from the sale of feed and feed
72 15 supplements and additives when used for consumption by farm
72 16 deer or bison.

72 17 17. The sales price of all goods, wares, or merchandise,
72 18 or services, used for educational purposes sold to any private
72 19 nonprofit educational institution in this state. For the
72 20 purpose of this subsection, "educational institution" means an
72 21 institution which primarily functions as a school, college, or
72 22 university with students, faculty, and an established
72 23 curriculum. The faculty of an educational institution must be
72 24 associated with the institution and the curriculum must
72 25 include basic courses which are offered every year.
72 26 "Educational institution" includes an institution primarily
72 27 functioning as a library.

72 28 18. The sales price of tangible personal property sold, or
72 29 of services furnished, to the following nonprofit
72 30 corporations:

72 31 a. Residential care facilities and intermediate care
72 32 facilities for persons with mental retardation and residential
72 33 care facilities for persons with mental illness licensed by
72 34 the department of inspections and appeals under chapter 135C.

72 35 b. Residential facilities licensed by the department of
73 1 human services pursuant to chapter 237, other than those
73 2 maintained by individuals as defined in section 237.1,
73 3 subsection 7.

73 4 c. Rehabilitation facilities that provide accredited
73 5 rehabilitation services to persons with disabilities which are
73 6 accredited by the commission on accreditation of
73 7 rehabilitation facilities or the accreditation council for
73 8 services for persons with mental retardation and other persons
73 9 with developmental disabilities and adult day care services
73 10 approved for reimbursement by the state department of human
73 11 services.

73 12 d. Community mental health centers accredited by the
73 13 department of human services pursuant to chapter 225C.

73 14 e. Community health centers as defined in 42 U.S.C. }
73 15 254(c) and migrant health centers as defined in 42 U.S.C. }
73 16 254(b).

73 17 19. The sales price of tangible personal property sold to
73 18 a nonprofit organization which was organized for the purpose
73 19 of lending the tangible personal property to the general
73 20 public for use by them for nonprofit purposes.

73 21 20. The sales price of tangible personal property sold, or
73 22 of services furnished, to nonprofit legal aid organizations.

73 23 21. The sales price of goods, wares, or merchandise, or of
73 24 services, used for educational, scientific, historic
73 25 preservation, or aesthetic purpose sold to a nonprofit private
73 26 museum.

73 27 22. The sales price from sales of goods, wares, or
73 28 merchandise, or from services furnished, to a nonprofit
73 29 private art center to be used in the operation of the art
73 30 center.

73 31 23. The sales price of tangible personal property sold, or
73 32 of services furnished, by a fair society organized under
73 33 chapter 174.

73 34 24. The sales price from services furnished by the
73 35 notification center established pursuant to section 480.3, and
74 1 the vendor selected pursuant to section 480.3 to provide the
74 2 notification service.

74 3 25. The sales price of food and beverages sold for human
74 4 consumption by a nonprofit organization which principally
74 5 promotes a food or beverage product for human consumption
74 6 produced, grown, or raised in this state and whose income is
74 7 exempt from federal taxation under section 501(c) of the
74 8 Internal Revenue Code.

74 9 26. The sales price of tangible personal property sold, or
74 10 of services furnished, to a statewide nonprofit organ
74 11 procurement organization, as defined in section 142C.2.

74 12 27. The sales price of tangible personal property sold, or
74 13 of services furnished, to a nonprofit hospital licensed

74 14 pursuant to chapter 135B to be used in the operation of the
74 15 hospital.

74 16 28. The sales price of tangible personal property sold, or
74 17 of services furnished, to a freestanding nonprofit hospice
74 18 facility which operates a hospice program as defined in 42
74 19 C.F.R., ch. IV, } 418.3, which property or services are to be
74 20 used in the hospice program.

74 21 29. The sales price of all goods, wares, or merchandise
74 22 sold, or of services furnished, which are used in the
74 23 fulfillment of a written construction contract with a
74 24 nonprofit hospital licensed pursuant to chapter 135B if all of
74 25 the following apply:

74 26 a. The sales and delivery of the goods, wares, or
74 27 merchandise, or the services furnished occurred between July
74 28 1, 1998, and December 31, 2001.

74 29 b. The written construction contract was entered into
74 30 prior to December 31, 1999, or bonds to fund the construction
74 31 were issued prior to December 31, 1999.

74 32 c. The sales or services were purchased by a contractor as
74 33 the agent for the hospital or were purchased directly by the
74 34 hospital.

74 35 30. The sales price of livestock ear tags sold by a
75 1 nonprofit organization whose income is exempt from federal
75 2 taxation under section 501(c)(6) of the Internal Revenue Code
75 3 where the proceeds are used in bovine research programs
75 4 selected or approved by such organization.

75 5 31. The sales price of goods, wares, or merchandise sold
75 6 to and of services furnished, and used for public purposes
75 7 sold to a tax-certifying or tax-levying body of the state or a
75 8 governmental subdivision of the state, including regional
75 9 transit systems, as defined in section 324A.1, the state board
75 10 of regents, department of human services, state department of
75 11 transportation, any municipally owned solid waste facility
75 12 which sells all or part of its processed waste as fuel to a
75 13 municipally owned public utility, and all divisions, boards,
75 14 commissions, agencies, or instrumentalities of state, federal,
75 15 county, or municipal government which have no earnings going
75 16 to the benefit of an equity investor or stockholder, except
75 17 any of the following:

75 18 a. The sales price of goods, wares, or merchandise sold
75 19 to, or of services furnished, and used by or in connection
75 20 with the operation of any municipally owned public utility
75 21 engaged in selling gas, electricity, heat, or pay television
75 22 service to the general public.

75 23 b. The sales price of furnishing of sewage services to a
75 24 county or municipality on behalf of nonresidential commercial
75 25 operations.

75 26 c. The furnishing of solid waste collection and disposal
75 27 service to a county or municipality on behalf of
75 28 nonresidential commercial operations located within the county
75 29 or municipality.

75 30 The exemption provided by this subsection shall also apply
75 31 to all such sales of goods, wares, or merchandise or of
75 32 services furnished and subject to use tax.

75 33 32. The sales price of tangible personal property sold, or
75 34 of services furnished, by a county or city. This exemption
75 35 does not apply to any of the following:

76 1 a. The tax specifically imposed under section 423.2 on the
76 2 sales price from sales or furnishing of gas, electricity,
76 3 water, heat, pay television service, or communication service
76 4 to the public by a municipal corporation in its proprietary
76 5 capacity.

76 6 b. The sale or furnishing of solid waste collection and
76 7 disposal service to nonresidential commercial operations.

76 8 c. The sale or furnishing of sewage service for
76 9 nonresidential commercial operations.

76 10 d. Fees paid to cities and counties for the privilege of
76 11 participating in any athletic sports.

76 12 33. The sales price of mementos and other items relating
76 13 to Iowa history and historic sites, the general assembly, and
76 14 the state capitol, sold by the legislative service bureau and
76 15 its legislative information office on the premises of property
76 16 under the control of the legislative council, at the state
76 17 capitol, and on other state property.

76 18 34. The sales price from sales of mementos and other items
76 19 relating to Iowa history and historic sites by the department
76 20 of cultural affairs on the premises of property under its
76 21 control and at the state capitol.

76 22 35. The sales price from sales or services furnished by
76 23 the state fair organized under chapter 173.

76 24 36. The sales price from sales of tangible personal

76 25 property or of the sale or furnishing of electrical energy,
76 26 natural or artificial gas, or communication service to another
76 27 state or political subdivision of another state if the other
76 28 state provides a similar reciprocal exemption for this state
76 29 and political subdivision of this state.

76 30 37. The sales price of services on or connected with new
76 31 construction, reconstruction, alteration, expansion,
76 32 remodeling, or the services of a general building contractor,
76 33 architect, or engineer.

76 34 38. The sales price from the sale of building materials,
76 35 supplies, or equipment sold to rural water districts organized
77 1 under chapter 504A as provided in chapter 357A and used for
77 2 the construction of facilities of a rural water district.

77 3 39. The sales price from "casual sales".
77 4 "Casual sales" means:
77 5 a. Sales of tangible personal property, or the furnishing
77 6 of services, of a nonrecurring nature, by the owner, if the
77 7 seller, at the time of the sale, is not engaged for profit in
77 8 the business of selling tangible personal property or services
77 9 taxed under section 423.2.
77 10 b. The sale of all or substantially all of the tangible
77 11 personal property or services held or used by a seller in the
77 12 course of the seller's trade or business for which the seller
77 13 is required to hold a sales tax permit when the seller sells
77 14 or otherwise transfers the trade or business to another person
77 15 who shall engage in a similar trade or business.

77 16 40. The sales price from the sale of automotive fluids to
77 17 a retailer to be used either in providing a service which
77 18 includes the installation or application of the fluids in or
77 19 on a motor vehicle, which service is subject to section 423.2,
77 20 subsection 6, or to be installed in or applied to a motor
77 21 vehicle which the retailer intends to sell, which sale is
77 22 subject to section 423.26. For purposes of this subsection,
77 23 automotive fluids are all those which are refined,
77 24 manufactured, or otherwise processed and packaged for sale
77 25 prior to their installation in or application to a motor
77 26 vehicle. They include but are not limited to motor oil and
77 27 other lubricants, hydraulic fluids, brake fluid, transmission
77 28 fluid, sealants, undercoatings, antifreeze, and gasoline
77 29 additives.

77 30 41. The sales price from the rental of motion picture
77 31 films, video and audio tapes, video and audio discs, records,
77 32 photos, copy, scripts, or other media used for the purpose of
77 33 transmitting that which can be seen, heard, or read, if either
77 34 of the following conditions are met:
77 35 a. The lessee imposes a charge for the viewing of such
78 1 media and the charge for the viewing is subject to taxation
78 2 under this subchapter or is subject to use tax.
78 3 b. The lessee broadcasts the contents of such media for
78 4 public viewing or listening.

78 5 42. The sales price from the sale of tangible personal
78 6 property consisting of advertising material including paper to
78 7 a person in Iowa if that person or that person's agent will,
78 8 subsequent to the sale, send that advertising material outside
78 9 this state and the material is subsequently used solely
78 10 outside of Iowa. For the purpose of this subsection,
78 11 "advertising material" means any brochure, catalog, leaflet,
78 12 flyer, order form, return envelope, or similar item used to
78 13 promote sales of property or services.

78 14 43. The sales price from the sale of property or of
78 15 services performed on property which the retailer transfers to
78 16 a carrier for shipment to a point outside of Iowa, places in
78 17 the United States mail or parcel post directed to a point
78 18 outside of Iowa, or transports to a point outside of Iowa by
78 19 means of the retailer's own vehicles, and which is not
78 20 thereafter returned to a point within Iowa, except solely in
78 21 the course of interstate commerce or transportation. This
78 22 exemption shall not apply if the purchaser, consumer, or their
78 23 agent, other than a carrier, takes physical possession of the
78 24 property in Iowa.

78 25 44. The sales price from the sale of property which is a
78 26 container, label, carton, pallet, packing case, wrapping
78 27 paper, twine, bag, bottle, shipping case, or other similar
78 28 article or receptacle sold to retailers or manufacturers for
78 29 the purpose of packaging or facilitating the transportation of
78 30 tangible personal property sold at retail or transferred in
78 31 association with the maintenance or repair of fabric or
78 32 clothing.

78 33 45. The sales price from sales or rentals to a printer or
78 34 publisher of the following: acetate; anti-halation backing;
78 35 antistatic spray; back lining; base material used as a carrier

79 1 for light sensitive emulsions; blankets; blow-ups; bronze
79 2 powder; carbon tissue; codas; color filters; color
79 3 separations; contacts; continuous tone separations; creative
79 4 art; custom dies and die cutting materials; dampener sleeves;
79 5 dampening solution; design and styling; diazo coating; dot
79 6 etching; dot etching solutions; drawings; drawsheets; driers;
79 7 duplicate films or prints; electronically digitized images;
79 8 electrotypes; end product of image modulation; engravings;
79 9 etch solutions; film; finished art or final art; fix; fixative
79 10 spray; flats; flying pasters; foils; goldenrod paper; gum;
79 11 halftones; illustrations; ink; ink paste; keylines; lacquer;
79 12 lasering images; layouts; lettering; line negatives and
79 13 positives; linotypes; lithographic offset plates; magnesium
79 14 and zinc etchings; masking paper; masks; masters; mats; mat
79 15 service; metal toner; models and modeling; mylar; negatives;
79 16 nonoffset spray; opaque film process paper; opaquing; padding
79 17 compound; paper stock; photographic materials: acids, plastic
79 18 film, desensitizer emulsion, exposure chemicals, fix,
79 19 developers, and paper; photography, day rate; photopolymer
79 20 coating; photographs; photostats; photo-display tape;
79 21 phototypesetter materials; ph-indicator sticks; positives;
79 22 press pack; printing cylinders; printing plates, all types;
79 23 process lettering; proof paper; proofs and proof processes,
79 24 all types; pumice powder; purchased author alterations;
79 25 purchased composition; purchased phototypesetting; purchased
79 26 stripping and pasteups; red litho tape; reducers; roller
79 27 covering; screen tints; sketches; stepped plates; stereotypes;
79 28 strip types; substrate; tints; tissue overlays; toners;
79 29 transparencies; tympan; typesetting; typography; varnishes;
79 30 veloxes; wood mounts; and any other items used in a like
79 31 capacity to any of the above enumerated items by the printer
79 32 or publisher to complete a finished product for sale at
79 33 retail. Expendable tools and supplies which are not
79 34 enumerated in this subsection are excluded from the exemption.
79 35 "Printer" means that portion of a person's business engaged in
80 1 printing that completes a finished product for ultimate sale
80 2 at retail or means that portion of a person's business used to
80 3 complete a finished printed packaging material used to package
80 4 a product for ultimate sale at retail. "Printer" does not
80 5 mean an in-house printer who prints or copyrights its own
80 6 materials.
80 7 46. a. The sales price from the sale or rental of
80 8 computers, machinery, and equipment, including replacement
80 9 parts, and materials used to construct or self-construct
80 10 computers, machinery, and equipment if such items are any of
80 11 the following:
80 12 (1) Directly and primarily used in processing by a
80 13 manufacturer.
80 14 (2) Directly and primarily used to maintain the integrity
80 15 of the product or to maintain unique environmental conditions
80 16 required for either the product or the computers, machinery,
80 17 and equipment used in processing by a manufacturer, including
80 18 test equipment used to control quality and specifications of
80 19 the product.
80 20 (3) Directly and primarily used in research and
80 21 development of new products or processes of processing.
80 22 (4) Computers used in processing or storage of data or
80 23 information by an insurance company, financial institution, or
80 24 commercial enterprise.
80 25 (5) Directly and primarily used in recycling or
80 26 reprocessing of waste products.
80 27 (6) Pollution-control equipment used by a manufacturer,
80 28 including but not limited to that required or certified by an
80 29 agency of this state or of the United States government.
80 30 b. The sales price from the sale of fuel used in creating
80 31 heat, power, steam, or for generating electrical current, or
80 32 from the sale of electricity, consumed by computers,
80 33 machinery, or equipment used in an exempt manner described in
80 34 paragraph "a", subparagraph (1), (2), (3), (5), or (6).
80 35 c. The sales price from the sale or rental of the
81 1 following shall not be exempt from the tax imposed by this
81 2 subchapter:
81 3 (1) Hand tools.
81 4 (2) Point-of-sale equipment and computers.
81 5 (3) Industrial machinery, equipment, and computers,
81 6 including pollution-control equipment within the scope of
81 7 section 427A.1, subsection 1, paragraphs "h" and "i".
81 8 (4) Vehicles subject to registration, except vehicles
81 9 subject to registration which are directly and primarily used
81 10 in recycling or reprocessing of waste products.
81 11 d. As used in this subsection:

81 12 (1) "Commercial enterprise" includes businesses and
81 13 manufacturers conducted for profit and centers for data
81 14 processing services to insurance companies, financial
81 15 institutions, businesses, and manufacturers, but excludes
81 16 professions and occupations and nonprofit organizations.
81 17 (2) "Financial institution" means as defined in section
81 18 527.2.
81 19 (3) "Insurance company" means an insurer organized or
81 20 operating under chapter 508, 514, 515, 518, 518A, 519, or 520,
81 21 or authorized to do business in Iowa as an insurer or an
81 22 insurance producer under chapter 522B.
81 23 (4) "Manufacturer" means as defined in section 428.20, but
81 24 also includes contract manufacturers. A contract manufacturer
81 25 is a manufacturer that otherwise falls within the definition
81 26 of manufacturer under section 428.20, except that a contract
81 27 manufacturer does not sell the tangible personal property the
81 28 contract manufacturer processes on behalf of other
81 29 manufacturers. A business engaged in activities subsequent to
81 30 the extractive process of quarrying or mining, such as
81 31 crushing, washing, sizing, or blending of aggregate materials,
81 32 is a manufacturer with respect to these activities.
81 33 (5) "Processing" means a series of operations in which
81 34 materials are manufactured, refined, purified, created,
81 35 combined, or transformed by a manufacturer, ultimately into
82 1 tangible personal property. Processing encompasses all
82 2 activities commencing with the receipt or producing of raw
82 3 materials by the manufacturer and ending at the point products
82 4 are delivered for shipment or transferred from the
82 5 manufacturer. Processing includes but is not limited to
82 6 refinement or purification of materials; treatment of
82 7 materials to change their form, context, or condition;
82 8 maintenance of the quality or integrity of materials,
82 9 components, or products; maintenance of environmental
82 10 conditions necessary for materials, components, or products;
82 11 quality control activities; and construction of packaging and
82 12 shipping devices, placement into shipping containers or any
82 13 type of shipping devices or medium, and the movement of
82 14 materials, components, or products until shipment from the
82 15 processor.
82 16 (6) "Receipt or producing of raw materials" means
82 17 activities performed upon tangible personal property only.
82 18 With respect to raw materials produced from or upon real
82 19 estate, the receipt or producing of raw materials is deemed to
82 20 occur immediately following the severance of the raw materials
82 21 from the real estate.
82 22 47. The sales price from the furnishing of the design and
82 23 installation of new industrial machinery or equipment,
82 24 including electrical and electronic installation.
82 25 48. The sales price from the sale of carbon dioxide in a
82 26 liquid, solid, or gaseous form, electricity, steam, and other
82 27 taxable services when used by a manufacturer of food products
82 28 to produce marketable food products for human consumption,
82 29 including but not limited to treatment of material to change
82 30 its form, context, or condition, in order to produce the food
82 31 product, maintenance of quality or integrity of the food
82 32 product, changing or maintenance of temperature levels
82 33 necessary to avoid spoilage or to hold the food product in
82 34 marketable condition, maintenance of environmental conditions
82 35 necessary for the safe or efficient use of machinery and
83 1 material used to produce the food product, sanitation and
83 2 quality control activities, formation of packaging, placement
83 3 into shipping containers, and movement of the material or food
83 4 product until shipment from the building of manufacture.
83 5 49. The sales price of sales of electricity, steam, or any
83 6 taxable service when purchased and used in the processing of
83 7 tangible personal property intended to be sold ultimately at
83 8 retail.
83 9 50. The sales price of tangible personal property sold for
83 10 processing. Tangible personal property is sold for processing
83 11 within the meaning of this subsection only when it is intended
83 12 that the property will, by means of fabrication, compounding,
83 13 manufacturing, or germination, become an integral part of
83 14 other tangible personal property intended to be sold
83 15 ultimately at retail; or for generating electric current; or
83 16 the property is a chemical, solvent, sorbent, or reagent,
83 17 which is directly used and is consumed, dissipated, or
83 18 depleted, in processing tangible personal property which is
83 19 intended to be sold ultimately at retail or consumed in the
83 20 maintenance or repair of fabric or clothing, and which may not
83 21 become a component or integral part of the finished product.
83 22 The distribution to the public of free newspapers or shoppers

83 23 guides is a retail sale for purposes of the processing
83 24 exemption set out in this subsection and in subsection 49.

83 25 51. The sales price from the sale of argon and other
83 26 similar gases to be used in the manufacturing process.

83 27 52. The sales price from the sale of electricity to water
83 28 companies assessed for property tax pursuant to sections
83 29 428.24, 428.26, and 428.28 which is used solely for the
83 30 purpose of pumping water from a river or well.

83 31 53. The sales price from the sale of wind energy
83 32 conversion property to be used as an electric power source and
83 33 the sale of the materials used to manufacture, install, or
83 34 construct wind energy conversion property used or to be used
83 35 as an electric power source.

84 1 For purposes of this subsection, "wind energy conversion
84 2 property" means any device, including, but not limited to, a
84 3 wind charger, windmill, wind turbine, tower and electrical
84 4 equipment, pad mount transformers, power lines, and
84 5 substation, which converts wind energy to a form of usable
84 6 energy.

84 7 54. The sales price from the sales of newspapers, free
84 8 newspapers, or shoppers guides and the printing and publishing
84 9 of such newspapers and shoppers guides, and envelopes for
84 10 advertising.

84 11 55. The sales price from the sale of motor fuel and
84 12 special fuel consumed for highway use or in watercraft or
84 13 aircraft where the fuel tax has been imposed and paid and no
84 14 refund has been or will be allowed and the sales price from
84 15 the sales of ethanol blended gasoline, as defined in section
84 16 452A.2.

84 17 56. The sales price from all sales of food and food
84 18 ingredients. However, as used in this subsection, "food" does
84 19 not include alcoholic beverages, candy, dietary supplements,
84 20 food sold through vending machines, prepared food, soft
84 21 drinks, and tobacco.

84 22 For the purposes of this subsection:

84 23 a. "Alcoholic beverages" means beverages that are suitable
84 24 for human consumption and contain one-half of one percent or
84 25 more of alcohol by volume.

84 26 b. "Candy" means a preparation of sugar, honey, or other
84 27 natural or artificial sweeteners in combination with
84 28 chocolate, fruits, nuts, or other ingredients or flavorings in
84 29 the form of bars, drops, or pieces. Candy shall not include
84 30 any preparation containing flour and shall require no
84 31 refrigeration.

84 32 c. "Dietary supplement" means any product, other than
84 33 tobacco, intended to supplement the diet that contains one or
84 34 more of the following dietary ingredients:

84 35 (1) A vitamin.

85 1 (2) A mineral.

85 2 (3) An herb or other botanical.

85 3 (4) An amino acid.

85 4 (5) A dietary substance for use by humans to supplement
85 5 the diet by increasing the total dietary intake.

85 6 (6) A concentrate, metabolite, constituent, extract, or
85 7 combination of any of the ingredients in subparagraphs (1)
85 8 through (5) that is intended for ingestion in tablet, capsule,
85 9 powder, softgel, gelcap, or liquid form, or if not intended
85 10 for ingestion in such a form, is not represented as
85 11 conventional food and is not represented for use as a sole
85 12 item of a meal or of the diet; and is required to be labeled
85 13 as a dietary supplement, identifiable by the "supplement
85 14 facts" box found on the label and as required pursuant to 21
85 15 C.F.R. } 101.36.

85 16 d. "Food and food ingredients" means substances, whether
85 17 in liquid, concentrated, solid, frozen, dried, or dehydrated
85 18 form, that are sold for ingestion or chewing by humans and are
85 19 consumed for their taste or nutritional value.

85 20 e. "Food sold through vending machines" means food
85 21 dispensed from a machine or other mechanical device that
85 22 accepts payment, other than food which would be qualified for
85 23 exemption under subsection 57 if purchased with a coupon
85 24 described in subsection 57.

85 25 f. "Prepared food" means any of following:

85 26 (1) Food sold in a heated state or heated by the seller,
85 27 including food sold by a caterer.

85 28 (2) Two or more food ingredients mixed or combined by the
85 29 seller for sale as a single item.

85 30 (3) "Prepared food", for the purposes of this paragraph,
85 31 does not include food that is any of the following:

85 32 (a) Only cut, repackaged, or pasteurized by the seller.

85 33 (b) Eggs, fish, meat, poultry, and foods containing these

85 34 raw animal foods requiring cooking by the consumer as
85 35 recommended by the United States food and drug administration
86 1 in chapter 3, part 401.11 of its food code, so as to prevent
86 2 food borne illnesses.

86 3 (c) Bakery items sold by the seller which baked them. The
86 4 words "bakery items" includes but is not limited to breads,
86 5 rolls, buns, biscuits, bagels, croissants, pastries, donuts,
86 6 Danish, cakes, tortes, pies, tarts, muffins, bars, cookies,
86 7 and tortillas.

86 8 (d) Food sold without eating utensils provided by the
86 9 seller in an unheated state as a single item which is priced
86 10 by weight or volume.

86 11 (4) Food sold with eating utensils provided by the seller,
86 12 including plates, knives, forks, spoons, glasses, cups,
86 13 napkins, or straws. A plate does not include a container or
86 14 packaging used to transport food.

86 15 g. "Soft drinks" means nonalcoholic beverages that contain
86 16 natural or artificial sweeteners. "Soft drinks" does not
86 17 include beverages that contain milk or milk products; soy,
86 18 rice, or similar milk substitutes; or greater than fifty
86 19 percent of vegetable or fruit juice by volume.

86 20 f. "Tobacco" means cigarettes, cigars, chewing or pipe
86 21 tobacco, or any other item that contains tobacco.

86 22 57. The sales price from the sale of items purchased with
86 23 coupons issued under the federal Food Stamp Act of 1977, 7
86 24 U.S.C. } 2011 et seq.

86 25 58. In transactions in which tangible personal property is
86 26 traded toward the sales price of other tangible personal
86 27 property, that portion of the sales price which is not payable
86 28 in money to the retailer is exempted from the taxable amount
86 29 if the following conditions are met:

86 30 a. The tangible personal property traded to the retailer
86 31 is the type of property normally sold in the regular course of
86 32 the retailer's business.

86 33 b. The tangible personal property traded to the retailer
86 34 is intended by the retailer to be ultimately sold at retail or
86 35 is intended to be used by the retailer or another in the
87 1 remanufacturing of a like item.

87 2 59. The sales price from the sale or rental of
87 3 prescription drugs or medical devices intended for human use
87 4 or consumption.

87 5 For the purposes of this subsection:

87 6 a. "Drug" means a compound, substance, or preparation, and
87 7 any component of a compound, substance, or preparation, other
87 8 than food and food ingredients, dietary supplements, or
87 9 alcoholic beverages which is any of the following:

87 10 (1) Recognized in the official United States
87 11 pharmacopoeia, official homeopathic pharmacopoeia of the
87 12 United States, or official national formulary, and supplement
87 13 to any of them.

87 14 (2) Intended for use in the diagnosis, cure, mitigation,
87 15 treatment, or prevention of disease.

87 16 (3) Intended to affect the structure or any function of
87 17 the body.

87 18 b. "Medical device" means equipment or a supply, intended
87 19 to be prescribed by a practitioner, including orthopedic or
87 20 orthotic devices. However, "medical device" also includes
87 21 prosthetic devices, ostomy, urological, and tracheostomy
87 22 equipment and supplies, and diabetic testing materials,
87 23 hypodermic syringes and needles, anesthesia trays, biopsy
87 24 trays and biopsy needles, cannula systems, catheter trays and
87 25 invasive catheters, dialyzers, drug infusion devices, fistula
87 26 sets, hemodialysis devices, insulin infusion devices,
87 27 intraocular lenses, irrigation solutions, intravenous
87 28 administering sets, solutions and stopcocks, myelogram trays,
87 29 nebulizers, small vein infusion kits, spinal puncture trays,
87 30 transfusion sets, venous blood sets, and oxygen equipment,
87 31 intended to be dispensed for human use with or without a
87 32 prescription to an ultimate user.

87 33 c. "Practitioner" means a practitioner as defined in
87 34 section 155A.3, or a person licensed to prescribe drugs.

87 35 d. "Prescription drug" means a drug intended to be
88 1 dispensed to an ultimate user pursuant to a prescription drug
88 2 order, formula, or recipe issued in any form of oral, written,
88 3 electronic, or other means of transmission by a duly licensed
88 4 practitioner, or oxygen or insulin dispensed for human
88 5 consumption with or without a prescription drug order or
88 6 medication order.

88 7 e. "Prosthetic device" means a replacement, corrective, or
88 8 supportive device including repair and replacement parts for
88 9 the same worn on or in the body to do any of the following:

88 10 (1) Artificially replace a missing portion of the body.
88 11 (2) Prevent or correct physical deformity or malfunction.
88 12 (3) Support a weak or deformed portion of the body.
88 13 f. "Ultimate user" means an individual who has lawfully
88 14 obtained and possesses a prescription drug or medical device
88 15 for the individual's own use or for the use of a member of the
88 16 individual's household, or an individual to whom a
88 17 prescription drug or medical device has been lawfully
88 18 supplied, administered, dispensed, or prescribed.
88 19 60. The sales price from services furnished by aerial
88 20 commercial and charter transportation services.
88 21 61. The sales price from the sale of raffle tickets for a
88 22 raffle licensed pursuant to section 99B.5.
88 23 62. The sales price from the sale of tangible personal
88 24 property which will be given as prizes to players in games of
88 25 skill, games of chance, raffles, and bingo games as defined in
88 26 chapter 99B.
88 27 63. The sales price from the sale of a modular home, as
88 28 defined in section 435.1, to the extent of the portion of the
88 29 purchase price of the modular home which is not attributable
88 30 to the cost of the tangible personal property used in the
88 31 processing of the modular home. For purposes of this
88 32 exemption, the portion of the purchase price which is not
88 33 attributable to the cost of the tangible personal property
88 34 used in the processing of the modular home is forty percent.
88 35 64. The sales price from charges paid to a provider for
89 1 access to on-line computer services. For purposes of this
89 2 subsection, "on-line computer service" means a service that
89 3 provides or enables computer access by multiple users to the
89 4 internet or to other information made available through a
89 5 computer server.
89 6 65. The sales price from the sale or rental of information
89 7 services. "Information services" means every business
89 8 activity, process, or function by which a seller or its agent
89 9 accumulates, prepares, organizes, or conveys data, facts,
89 10 knowledge, procedures, and like services to a buyer or its
89 11 agent of such information through any tangible or intangible
89 12 medium. Information accumulated, prepared, or organized for a
89 13 buyer or its agent is an information service even though it
89 14 may incorporate preexisting components of data or other
89 15 information. "Information services" includes, but is not
89 16 limited to, database files, mailing lists, subscription files,
89 17 market research, credit reports, surveys, real estate
89 18 listings, bond rating reports, abstracts of title, bad check
89 19 lists, broadcasting rating services, wire services, and
89 20 scouting reports, or other similar items.
89 21 66. The sales price of a sale at retail if the substance
89 22 of the transaction is delivered to the purchaser digitally,
89 23 electronically, or utilizing cable, or by radio waves,
89 24 microwaves, satellites, or fiber optics.
89 25 67. a. The sales price from the sale of an article of
89 26 clothing designed to be worn on or about the human body if all
89 27 of the following apply:
89 28 (1) The sales price of the article is less than one
89 29 hundred dollars.
89 30 (2) The sale takes place during a period beginning at
89 31 12:01 a.m. on the first Friday in August and ending at
89 32 midnight on the following Saturday.
89 33 b. This subsection does not apply to any of the following:
89 34 (1) Sport or recreational equipment and protective
89 35 equipment.
90 1 (2) Clothing accessories or equipment.
90 2 (3) The rental of clothing.
90 3 c. For purposes of this subsection:
90 4 (1) "Clothing" means all human wearing apparel suitable
90 5 for general use. "Clothing" includes, but is not limited to
90 6 the following: aprons, household and shop; athletic
90 7 supporters; baby receiving blankets; bathing suits and caps;
90 8 beach capes and coats; belts and suspenders; boots; coats and
90 9 jackets; costumes; diapers (children and adults, including
90 10 disposable diapers); earmuffs; footlets; formal wear; garters
90 11 and garter belts; girdles; gloves and mittens for general use;
90 12 hats and caps; hosiery; insoles for shoes; lab coats;
90 13 neckties; overshoes; pantyhose; rainwear; rubber pants;
90 14 sandals; scarves; shoes and shoelaces; slippers; sneakers;
90 15 socks and stockings; steel-toed shoes; underwear; uniforms,
90 16 athletic and nonathletic; and wedding apparel.
90 17 "Clothing" does not include the following: belt buckles
90 18 sold separately; costume masks sold separately; patches and
90 19 emblems sold separately; sewing equipment and supplies
90 20 (including, but not limited to, knitting needles, patterns,

90 21 pins, scissors, sewing machines, sewing needles, tape
90 22 measures, and thimbles); and sewing materials that become part
90 23 of clothing (including, but not limited to, buttons, fabric,
90 24 lace, thread, yarn, and zippers).

90 25 (2) "Clothing accessories or equipment" means incidental
90 26 items worn on the person or in conjunction with clothing.
90 27 "Clothing accessories or equipment" includes, but is not
90 28 limited to, the following: briefcases; cosmetics; hair
90 29 notions (including, but not limited to, barrettes, hair bows,
90 30 and hair nets); handbags; handkerchiefs; jewelry; sunglasses,
90 31 nonprescription; umbrellas; wallets; watches; and wigs and
90 32 hairpieces.

90 33 (3) "Protective equipment" means items for human wear and
90 34 designed as protection for the wearer against injury or
90 35 disease or as protection against damage or injury of other
91 1 persons or property but not suitable for general use.

91 2 "Protective equipment" includes, but is not limited to, the
91 3 following: breathing masks; clean room apparel and equipment;
91 4 ear and hearing protectors; face shields; hard hats; helmets;
91 5 paint or dust respirators; protective gloves; safety glasses
91 6 and goggles; safety belts; tool belts; and welders gloves and
91 7 masks.

91 8 (4) "Sport or recreational equipment" means items designed
91 9 for human use and worn in conjunction with an athletic or
91 10 recreational activity that are not suitable for general use.
91 11 "Sport or recreational equipment" includes, but is not limited
91 12 to, the following: ballet and tap shoes; cleated or spiked
91 13 athletic shoes; gloves (including, but not limited to,
91 14 baseball, bowling, boxing, hockey, and golf); goggles; hand
91 15 and elbow guards; life preservers and vests; mouth guards;
91 16 roller and ice skates; shin guards; shoulder pads; ski boots;
91 17 waders; and wetsuits and fins.

91 18 68. a. Subject to paragraph "b", the sales price from the
91 19 sale or furnishing of metered gas, electricity, and fuel,
91 20 including propane and heating oil, to residential customers
91 21 which is used to provide energy for residential dwellings and
91 22 units of apartment and condominium complexes used for human
91 23 occupancy.

91 24 b. The exemption in this subsection shall be phased in by
91 25 means of a reduction in the tax rate as follows:

91 26 (1) If the date of the utility billing or meter reading
91 27 cycle of the residential customer for the sale or furnishing
91 28 of metered gas and electricity is on or after January 1, 2002,
91 29 through December 31, 2002, or if the sale or furnishing of
91 30 fuel for purposes of residential energy and the delivery of
91 31 the fuel occurs on or after January 1, 2002, through December
91 32 31, 2002, the rate of tax is four percent of the sales price.

91 33 (2) If the date of the utility billing or meter reading
91 34 cycle of the residential customer for the sale or furnishing
91 35 of metered gas and electricity is on or after January 1, 2003,
92 1 through June 30, 2008, or if the sale or furnishing of fuel
92 2 for purposes of residential energy and the delivery of the
92 3 fuel occurs on or after January 1, 2003, through June 30,
92 4 2008, the rate of tax is three percent of the sales price.

92 5 (3) If the date of the utility billing or meter reading
92 6 cycle of the residential customer for the sale or furnishing
92 7 of metered gas and electricity is on or after July 1, 2008,
92 8 through June 30, 2009, or if the sale or furnishing of fuel
92 9 for purposes of residential energy and the delivery of the
92 10 fuel occurs on or after July 1, 2008, through June 30, 2009,
92 11 the rate of tax is two percent of the sales price.

92 12 (4) If the date of the utility billing or meter reading
92 13 cycle of the residential customer for the sale or furnishing
92 14 of metered gas and electricity is on or after July 1, 2009,
92 15 through June 30, 2010, or if the sale or furnishing of fuel
92 16 for purposes of residential energy and the delivery of the
92 17 fuel occurs on or after July 1, 2009, through June 30, 2010,
92 18 the rate of tax is one percent of the sales price.

92 19 (5) If the date of the utility billing or meter reading
92 20 cycle of the residential customer for the sale or furnishing
92 21 of metered gas and electricity is on or after July 1, 2010, or
92 22 if the sale, furnishing, or service of fuel for purposes of
92 23 residential energy and the delivery of the fuel occurs on or
92 24 after July 1, 2010, the rate of tax is zero percent of the
92 25 sales price.

92 26 c. The exemption in this subsection does not apply to
92 27 local option sales and services tax imposed pursuant to
92 28 chapters 423B and 423E.

92 29 69. The sales price from charges paid for the delivery of
92 30 electricity or natural gas if the sale or furnishing of the
92 31 electricity or natural gas or its use is exempt from the tax

92 32 on sales prices imposed under this subchapter or from the use
92 33 tax imposed under subchapter III.

92 34 70. The sales price from the sales, furnishing, or service
92 35 of transportation service except the rental of recreational
93 1 vehicles or recreational boats, except the rental of motor
93 2 vehicles subject to registration which are registered for a
93 3 gross weight of thirteen tons or less for a period of sixty
93 4 days or less, and except the rental of aircraft for a period
93 5 of sixty days or less. This exemption does not apply to the
93 6 transportation of electric energy or natural gas.

93 7 71. The sales price from sales of tangible personal
93 8 property used or to be used as railroad rolling stock for
93 9 transporting persons or property, or as materials or parts
93 10 therefor.

93 11 72. The sales price from the sales of special fuel for
93 12 diesel engines consumed or used in the operation of ships,
93 13 barges, or waterborne vessels which are used primarily in or
93 14 for the transportation of property or cargo, or the conveyance
93 15 of persons for hire on rivers bordering on the state if the
93 16 fuel is delivered by the seller to the purchaser's barge,
93 17 ship, or waterborne vessel while it is afloat upon such a
93 18 river.

93 19 73. The sales price from sales of vehicles subject to
93 20 registration or subject only to the issuance of a certificate
93 21 of title and sales of aircraft subject to registration under
93 22 section 328.20.

93 23 74. The sales price from the sale of aircraft for use in a
93 24 scheduled interstate federal aviation administration
93 25 certificated air carrier operation.

93 26 75. The sales price from the sale or rental of aircraft;
93 27 the sale or rental of tangible personal property permanently
93 28 affixed or attached as a component part of the aircraft,
93 29 including but not limited to repair or replacement materials
93 30 or parts; and the sales price of all services used for
93 31 aircraft repair, remodeling, and maintenance services when
93 32 such services are performed on aircraft, aircraft engines, or
93 33 aircraft component materials or parts. For the purposes of
93 34 this exemption, "aircraft" means aircraft used in a scheduled
93 35 interstate federal aviation administration certificated air
94 1 carrier operation.

94 2 76. The sales price from the sale or rental of tangible
94 3 personal property permanently affixed or attached as a
94 4 component part of the aircraft, including but not limited to
94 5 repair or replacement materials or parts; and the sales price
94 6 of all services used for aircraft repair, remodeling, and
94 7 maintenance services when such services are performed on
94 8 aircraft, aircraft engines, or aircraft component materials or
94 9 parts. For the purposes of this exemption, "aircraft" means
94 10 aircraft used in nonscheduled interstate federal aviation
94 11 administration certificated air carrier operation operating
94 12 under 14 C.F.R. ch. 1, pt. 135.

94 13 77. The sales price from the sale of aircraft to an
94 14 aircraft dealer who in turn rents or leases the aircraft if
94 15 all of the following apply:

94 16 a. The aircraft is kept in the inventory of the dealer for
94 17 sale at all times.

94 18 b. The dealer reserves the right to immediately take the
94 19 aircraft from the renter or lessee when a buyer is found.

94 20 c. The renter or lessee is aware that the dealer will
94 21 immediately take the aircraft when a buyer is found.

94 22 If an aircraft exempt under this subsection is used for any
94 23 purpose other than leasing or renting, or the conditions in
94 24 paragraphs "a", "b", and "c" are not continuously met, the
94 25 dealer claiming the exemption under this subsection is liable
94 26 for the tax that would have been due except for this
94 27 subsection. The tax shall be computed upon the original
94 28 purchase price.

94 29 78. The sales price from sales or rental of tangible
94 30 personal property, or services rendered by any entity where
94 31 the profits from the sales or rental of the tangible personal
94 32 property, or services rendered are used by or donated to a
94 33 nonprofit entity which is exempt from federal income taxation
94 34 pursuant to section 501(c)(3) of the Internal Revenue Code, a
94 35 government entity, or a nonprofit private educational
95 1 institution, and where the entire proceeds from the sales,
95 2 rental, or services are expended for any of the following
95 3 purposes:

95 4 a. Educational.

95 5 b. Religious.

95 6 c. Charitable. A charitable act is an act done out of
95 7 goodwill, benevolence, and a desire to add to or to improve

95 8 the good of humankind in general or any class or portion of
95 9 humankind, with no pecuniary profit inuring to the person
95 10 performing the service or giving the gift.

95 11 This exemption does not apply to the sales price from games
95 12 of skill, games of chance, raffles, and bingo games as defined
95 13 in chapter 99B. This exemption is disallowed on the amount of
95 14 the sales price only to the extent the profits from the sales,
95 15 rental, or services are not used by or donated to the
95 16 appropriate entity and expended for educational, religious, or
95 17 charitable purposes.

95 18 79. The sales price from the sale or rental of tangible
95 19 personal property or from services furnished to a recognized
95 20 community action agency as provided in section 216A.93 to be
95 21 used for the purposes of the agency.

95 22 80. a. For purposes of this subsection, "designated
95 23 exempt entity" means an entity which is designated in section
95 24 423.4, subsection 1.

95 25 b. If a contractor, subcontractor, or builder is to use
95 26 building materials, supplies, and equipment in the performance
95 27 of a construction contract with a designated exempt entity,
95 28 the person shall purchase such items of tangible personal
95 29 property without liability for the tax if such property will
95 30 be used in the performance of the construction contract and a
95 31 purchasing agent authorization letter and an exemption
95 32 certificate, issued by the designated exempt entity, are
95 33 presented to the retailer.

95 34 c. Where the owner, contractor, subcontractor, or builder
95 35 is also a retailer holding a retail sales tax permit and
96 1 transacting retail sales of building materials, supplies, and
96 2 equipment, the tax shall not be due when materials are
96 3 withdrawn from inventory for use in construction performed for
96 4 a designated exempt entity if an exemption certificate is
96 5 received from such entity.

96 6 d. Tax shall not apply to tangible personal property
96 7 purchased and consumed by a manufacturer as building
96 8 materials, supplies, or equipment in the performance of a
96 9 construction contract for a designated exempt entity, if a
96 10 purchasing agent authorization letter and an exemption
96 11 certificate are received from such entity and presented to a
96 12 retailer.

96 13 81. The sales price from the sales of lottery tickets or
96 14 shares pursuant to chapter 99G.

96 15 82. The sales price from the sale or rental of core and
96 16 mold making equipment and sand handling equipment directly and
96 17 primarily used in the mold making process by a foundry.

96 18 83. The sales price from noncustomer point of sale or
96 19 noncustomer automated teller machine access or service charges
96 20 assessed by a financial institution. For purposes of this
96 21 subsection, "financial institution" means the same as defined
96 22 in section 527.2.

96 23 Sec. 97. NEW SECTION. 423.4 REFUNDS.

96 24 1. A private nonprofit educational institution in this
96 25 state, nonprofit private museum in this state, tax-certifying
96 26 or tax-levying body or governmental subdivision of the state,
96 27 including the state board of regents, state department of
96 28 human services, state department of transportation, a
96 29 municipally owned solid waste facility which sells all or part
96 30 of its processed waste as fuel to a municipally owned public
96 31 utility, and all divisions, boards, commissions, agencies, or
96 32 instrumentalities of state, federal, county, or municipal
96 33 government which do not have earnings going to the benefit of
96 34 an equity investor or stockholder, may make application to the
96 35 department for the refund of the sales or use tax upon the
97 1 sales price of all sales of goods, wares, or merchandise, or
97 2 from services furnished to a contractor, used in the
97 3 fulfillment of a written contract with the state of Iowa, any
97 4 political subdivision of the state, or a division, board,
97 5 commission, agency, or instrumentality of the state or a
97 6 political subdivision, a private nonprofit educational
97 7 institution in this state, or a nonprofit private museum in
97 8 this state if the property becomes an integral part of the
97 9 project under contract and at the completion of the project
97 10 becomes public property, is devoted to educational uses, or
97 11 becomes a nonprofit private museum; except goods, wares, or
97 12 merchandise, or services furnished which are used in the
97 13 performance of any contract in connection with the operation
97 14 of any municipal utility engaged in selling gas, electricity,
97 15 or heat to the general public or in connection with the
97 16 operation of a municipal pay television system; and except
97 17 goods, wares, and merchandise used in the performance of a
97 18 contract for a "project" under chapter 419 as defined in that

97 19 chapter other than goods, wares, or merchandise used in the
97 20 performance of a contract for a "project" under chapter 419
97 21 for which a bond issue was approved by a municipality prior to
97 22 July 1, 1968, or for which the goods, wares, or merchandise
97 23 becomes an integral part of the project under contract and at
97 24 the completion of the project becomes public property or is
97 25 devoted to educational uses.

97 26 a. Such contractor shall state under oath, on forms
97 27 provided by the department, the amount of such sales of goods,
97 28 wares, or merchandise, or services furnished and used in the
97 29 performance of such contract, and upon which sales or use tax
97 30 has been paid, and shall file such forms with the governmental
97 31 unit, private nonprofit educational institution, or nonprofit
97 32 private museum which has made any written contract for
97 33 performance by the contractor. The forms shall be filed by
97 34 the contractor with the governmental unit, educational
97 35 institution, or nonprofit private museum before final

98 1 settlement is made.
98 2 b. Such governmental unit, educational institution, or
98 3 nonprofit private museum shall, not more than one year after
98 4 the final settlement has been made, make application to the
98 5 department for any refund of the amount of the sales or use
98 6 tax which shall have been paid upon any goods, wares, or
98 7 merchandise, or services furnished, the application to be made
98 8 in the manner and upon forms to be provided by the department,
98 9 and the department shall forthwith audit the claim and, if
98 10 approved, issue a warrant to the governmental unit,
98 11 educational institution, or nonprofit private museum in the
98 12 amount of the sales or use tax which has been paid to the
98 13 state of Iowa under the contract.

98 14 Refunds authorized under this subsection shall accrue
98 15 interest at the rate in effect under section 421.7 from the
98 16 first day of the second calendar month following the date the
98 17 refund claim is received by the department.

98 18 c. Any contractor who willfully makes a false report of
98 19 tax paid under the provisions of this subsection is guilty of
98 20 a simple misdemeanor and in addition shall be liable for the
98 21 payment of the tax and any applicable penalty and interest.

98 22 2. The refund of sales and use tax paid on transportation
98 23 construction projects let by the state department of
98 24 transportation is subject to the special provisions of this
98 25 subsection.

98 26 a. A contractor awarded a contract for a transportation
98 27 construction project is considered the consumer of all
98 28 building materials, building supplies, and equipment and shall
98 29 pay sales tax to the supplier or remit consumer use tax
98 30 directly to the department.

98 31 b. The contractor is not required to file information with
98 32 the state department of transportation stating the amount of
98 33 goods, wares, or merchandise, or services rendered, furnished,
98 34 or performed and used in the performance of the contract or
98 35 the amount of sales or use tax paid.

99 1 c. The state department of transportation shall file a
99 2 refund claim based on a formula that considers the following:

99 3 (1) The quantity of material to complete the contract, and
99 4 quantities of items of work.

99 5 (2) The estimated cost of these materials included in the
99 6 items of work, and the state sales or use tax to be paid on
99 7 the tax rate in effect in section 423.2. The quantity of
99 8 materials shall be determined after each letting based on the
99 9 contract quantities of all items of work let to contract. The
99 10 quantity of individual component materials required for each
99 11 item shall be determined and maintained in a database. The
99 12 total quantities of materials shall be determined by
99 13 multiplying the quantities of component materials for each
99 14 contract item of work by the total quantities of each contract
99 15 item for each letting. Where variances exist in the cost of
99 16 materials, the lowest cost shall be used as the base cost.

99 17 d. Only the state sales or use tax is refundable. Local
99 18 option taxes paid by the contractor are not refundable.

99 19 3. A relief agency may apply to the director for refund of
99 20 the amount of sales or use tax imposed and paid upon sales to
99 21 it of any goods, wares, merchandise, or services furnished,
99 22 used for free distribution to the poor and needy.

99 23 a. The refunds may be obtained only in the following
99 24 amounts and manner and only under the following conditions:

99 25 (1) On forms furnished by the department, and filed within
99 26 the time as the director shall provide by rule, the relief
99 27 agency shall report to the department the total amount or
99 28 amounts, valued in money, expended directly or indirectly for
99 29 goods, wares, merchandise, or services furnished, used for

99 30 free distribution to the poor and needy.
99 31 (2) On these forms the relief agency shall separately list
99 32 the persons making the sales to it or to its order, together
99 33 with the dates of the sales, and the total amount so expended
99 34 by the relief agency.
99 35 (3) The relief agency must prove to the satisfaction of
100 1 the director that the person making the sales has included the
100 2 amount thereof in the computation of the sales price of such
100 3 person and that such person has paid the tax levied by this
100 4 subchapter or subchapter III, based upon such computation of
100 5 the sales price.
100 6 b. If satisfied that the foregoing conditions and
100 7 requirements have been complied with, the director shall
100 8 refund the amount claimed by the relief agency.

100 9 SUBCHAPTER III
100 10 USE TAX

100 11 Sec. 98. NEW SECTION. 423.5 IMPOSITION OF TAX.

100 12 An excise tax at the rate of five percent of the purchase
100 13 price or installed purchase price is imposed on the following:

100 14 1. The use in this state of tangible personal property as
100 15 defined in section 423.1, including aircraft subject to
100 16 registration under section 328.20, purchased for use in this
100 17 state. For the purposes of this subchapter, the furnishing or
100 18 use of the following services is also treated as the use of
100 19 tangible personal property: optional service or warranty
100 20 contracts, except residential service contracts regulated
100 21 under chapter 523C, vulcanizing, recapping, or retreading
100 22 services, engraving, photography, retouching, printing, or
100 23 binding services, and communication service when furnished or
100 24 delivered to consumers or users within this state.

100 25 2. The use of manufactured housing in this state, on the
100 26 purchase price if the manufactured housing is sold in the form
100 27 of tangible personal property or on the installed purchase
100 28 price if the manufactured housing is sold in the form of
100 29 realty.

100 30 3. The use of leased vehicles, on the amount subject to
100 31 tax as calculated pursuant to section 423.27.

100 32 4. Purchases of tangible personal property made from the
100 33 government of the United States or any of its agencies by
100 34 ultimate consumers shall be subject to the tax imposed by this
100 35 section. Services purchased from the same source or sources
101 1 shall be subject to the service tax imposed by this subchapter
101 2 and apply to the user of the services.

101 3 5. The use in this state of services enumerated in section
101 4 423.2. This tax is applicable where services are furnished in
101 5 this state or where the product or result of the service is
101 6 used in this state.

101 7 6. The excise tax is imposed upon every person using the
101 8 property within this state until the tax has been paid
101 9 directly to the county treasurer, the state department of
101 10 transportation, a retailer, or the department. This tax is
101 11 imposed on every person using the services or the product of
101 12 the services in this state until the user has paid the tax
101 13 either to an Iowa use tax permit holder or to the department.

101 14 7. For the purpose of the proper administration of the use
101 15 tax and to prevent its evasion, evidence that tangible
101 16 personal property was sold by any person for delivery in this
101 17 state shall be prima facie evidence that such tangible
101 18 personal property was sold for use in this state.

101 19 Sec. 99. NEW SECTION. 423.6 EXEMPTIONS.

101 20 The use in this state of the following tangible personal
101 21 property and services is exempted from the tax imposed by this
101 22 subchapter:

101 23 1. Tangible personal property and enumerated services, the
101 24 sales price from the sale of which are required to be included
101 25 in the measure of the sales tax, if that tax has been paid to
101 26 the department or the retailer. This exemption does not
101 27 include vehicles subject to registration or subject only to
101 28 the issuance of a certificate of title.

101 29 2. The sale of tangible personal property or the
101 30 furnishing of services in the regular course of business.

101 31 3. Property used in processing. The use of property in
101 32 processing within the meaning of this subsection shall mean
101 33 and include any of the following:

101 34 a. Any tangible personal property including containers
101 35 which it is intended shall, by means of fabrication,
102 1 compounding, manufacturing, or germination, become an integral
102 2 part of other tangible personal property intended to be sold
102 3 ultimately at retail, and containers used in the collection,
102 4 recovery, or return of empty beverage containers subject to
102 5 chapter 455C.

102 6 b. Fuel which is consumed in creating power, heat, or
102 7 steam for processing or for generating electric current.

102 8 c. Chemicals, solvents, sorbents, or reagents, which are
102 9 directly used and are consumed, dissipated, or depleted in
102 10 processing tangible personal property which is intended to be
102 11 sold ultimately at retail, and which may not become a
102 12 component or integral part of the finished product.

102 13 d. The distribution to the public of free newspapers or
102 14 shoppers guides shall be deemed a retail sale for purposes of
102 15 the processing exemption in this subsection.

102 16 4. All articles of tangible personal property brought into
102 17 the state of Iowa by a nonresident individual for the
102 18 individual's use or enjoyment while within the state.

102 19 5. Services exempt from taxation by the provisions of
102 20 section 423.3.

102 21 6. Tangible personal property or services the sales price
102 22 of which is exempt from the sales tax under section 423.3,
102 23 except subsections 39 and 73, as it relates to the sale, but
102 24 not the lease or rental, of vehicles subject to registration
102 25 or subject only to the issuance of a certificate of title and
102 26 as it relates to aircraft subject to registration under
102 27 section 328.20.

102 28 7. Advertisement and promotional material and matter, seed
102 29 catalogs, envelopes for same, and other similar material
102 30 temporarily stored in this state which are acquired outside of
102 31 Iowa and which, subsequent to being brought into this state,
102 32 are sent outside of Iowa, either singly or physically attached
102 33 to other tangible personal property sent outside of Iowa.

102 34 8. Vehicles, as defined in section 321.1, subsections 41,
102 35 64A, 71, 85, and 88, except such vehicles subject to
103 1 registration which are designed primarily for carrying
103 2 persons, when purchased for lease and actually leased to a
103 3 lessee for use outside the state of Iowa and the subsequent
103 4 sole use in Iowa is in interstate commerce or interstate
103 5 transportation.

103 6 9. Tangible personal property which, by means of
103 7 fabrication, compounding, or manufacturing, becomes an
103 8 integral part of vehicles, as defined in section 321.1,
103 9 subsections 41, 64A, 71, 85, and 88, manufactured for lease
103 10 and actually leased to a lessee for use outside the state of
103 11 Iowa and the subsequent sole use in Iowa is in interstate
103 12 commerce or interstate transportation. Vehicles subject to
103 13 registration which are designed primarily for carrying persons
103 14 are excluded from this subsection.

103 15 10. Vehicles subject to registration which are transferred
103 16 from a business or individual conducting a business within
103 17 this state as a sole proprietorship, partnership, or limited
103 18 liability company to a corporation formed by the sole
103 19 proprietorship, partnership, or limited liability company for
103 20 the purpose of continuing the business when all of the stock
103 21 of the corporation so formed is owned by the sole proprietor
103 22 and the sole proprietor's spouse, by all the partners in the
103 23 case of a partnership, or by all the members in the case of a
103 24 limited liability company. This exemption is equally
103 25 available where the vehicles subject to registration are
103 26 transferred from a corporation to a sole proprietorship,
103 27 partnership, or limited liability company formed by that
103 28 corporation for the purpose of continuing the business when
103 29 all of the incidents of ownership are owned by the same person
103 30 or persons who were stockholders of the corporation.

103 31 This exemption also applies where the vehicles subject to
103 32 registration are transferred from a corporation as part of the
103 33 liquidation of the corporation to its stockholders if within
103 34 three months of such transfer the stockholders retransfer
103 35 those vehicles subject to registration to a sole
104 1 proprietorship, partnership, or limited liability company for
104 2 the purpose of continuing the business of the corporation when
104 3 all of the incidents of ownership are owned by the same person
104 4 or persons who were stockholders of the corporation.

104 5 10A. Vehicles subject to registration which are
104 6 transferred from a corporation that is primarily engaged in
104 7 the business of leasing vehicles subject to registration to a
104 8 corporation that is primarily engaged in the business of
104 9 leasing vehicles subject to registration when the transferor
104 10 and transferee corporations are part of the same controlled
104 11 group for federal income tax purposes.

104 12 11. Vehicles registered or operated under chapter 326 and
104 13 used substantially in interstate commerce, section 423.5,
104 14 subsection 7, notwithstanding. For purposes of this
104 15 subsection, "substantially in interstate commerce" means that
104 16 a minimum of twenty-five percent of the miles operated by the

104 17 vehicle accrues in states other than Iowa. This subsection
104 18 applies only to vehicles which are registered for a gross
104 19 weight of thirteen tons or more.

104 20 For purposes of this subsection, trailers and semitrailers
104 21 registered or operated under chapter 326 are deemed to be used
104 22 substantially in interstate commerce and to be registered for
104 23 a gross weight of thirteen tons or more.

104 24 For the purposes of this subsection, if a vehicle meets the
104 25 requirement that twenty-five percent of the miles operated
104 26 accrues in states other than Iowa in each year of the first
104 27 four-year period of operation, the exemption from use tax
104 28 shall continue until the vehicle is sold or transferred. If
104 29 the vehicle is found to have not met the exemption
104 30 requirements or the exemption was revoked, the value of the
104 31 vehicle upon which the use tax shall be imposed is the book or
104 32 market value, whichever is less, at the time the exemption
104 33 requirements were not met or the exemption was revoked.

104 34 12. Mobile homes and manufactured housing the use of which
104 35 has previously been subject to the tax imposed under this
105 1 subchapter and for which that tax has been paid.

105 2 13. Mobile homes to the extent of the portion of the
105 3 purchase price of the mobile home which is not attributable to
105 4 the cost of the tangible personal property used in the
105 5 processing of the mobile home, and manufactured housing to the
105 6 extent of the purchase price or the installed purchase price
105 7 of the manufactured housing which is not attributable to the
105 8 cost of the tangible personal property used in the processing
105 9 of the manufactured housing. For purposes of this exemption,
105 10 the portion of the purchase price which is not attributable to
105 11 the cost of the tangible personal property used in the
105 12 processing of the mobile home is forty percent and the portion
105 13 of the purchase price or installed purchase price which is not
105 14 attributable to the cost of the tangible personal property
105 15 used in the processing of the manufactured housing is forty
105 16 percent.

105 17 14. Tangible personal property used or to be used as a
105 18 ship, barge, or waterborne vessel which is used or to be used
105 19 primarily in or for the transportation of property or cargo
105 20 for hire on the rivers bordering the state or as materials or
105 21 parts of such ship, barge, or waterborne vessel.

105 22 15. Vehicles subject to registration in any state when
105 23 purchased for rental or registered and titled by a motor
105 24 vehicle dealer licensed pursuant to chapter 322 for rental
105 25 use, and held for rental for a period of one hundred twenty
105 26 days or more and actually rented for periods of sixty days or
105 27 less by a person regularly engaged in the business of renting
105 28 vehicles including, but not limited to, motor vehicle dealers
105 29 licensed pursuant to chapter 322 who rent automobiles to
105 30 users, if the rental of the vehicles is subject to taxation
105 31 under chapter 423C.

105 32 16. Motor vehicles subject to registration which were
105 33 registered and titled between July 1, 1982, and July 1, 1992,
105 34 to a motor vehicle dealer licensed under chapter 322 and which
105 35 were rented to a user as defined in section 423C.2 if the
106 1 following occurred:

106 2 a. The dealer kept the vehicle on the inventory of
106 3 vehicles for sale at all times.

106 4 b. The vehicle was to be immediately taken from the user
106 5 of the vehicle when a buyer was found.

106 6 c. The user was aware of this situation.

106 7 17. Vehicles subject to registration under chapter 321,
106 8 with a gross vehicle weight rating of less than sixteen
106 9 thousand pounds, excluding motorcycles and motorized bicycles,
106 10 when purchased for lease and titled by the lessor licensed
106 11 pursuant to chapter 321F and actually leased for a period of
106 12 twelve months or more if the lease of the vehicle is subject
106 13 to taxation under section 423.27.

106 14 A lessor may maintain the exemption from use tax under this
106 15 subsection for a qualifying lease that terminates at the
106 16 conclusion or prior to the contracted expiration date, if the
106 17 lessor does not use the vehicle for any purpose other than for
106 18 lease. Once the vehicle is used by the lessor for a purpose
106 19 other than for lease, the exemption from use tax under this
106 20 subsection no longer applies and, unless there is an exemption
106 21 from the use tax, use tax is due on the fair market value of
106 22 the vehicle determined at the time the lessor uses the vehicle
106 23 for a purpose other than for lease, payable to the department.
106 24 If the lessor holds the vehicle exclusively for sale, use tax
106 25 is due and payable on the purchase price of the vehicle at the
106 26 time of purchase pursuant to this subchapter.

106 27 18. Aircraft for use in a scheduled interstate federal

106 28 aviation administration certificated air carrier operation.
106 29 19. Aircraft; tangible personal property permanently
106 30 affixed or attached as a component part of the aircraft,
106 31 including but not limited to repair or replacement materials
106 32 or parts; and all services used for aircraft repair,
106 33 remodeling, and maintenance services when such services are
106 34 performed on aircraft, aircraft engines, or aircraft component
106 35 materials or parts. For the purposes of this exemption,
107 1 "aircraft" means aircraft used in a scheduled interstate
107 2 federal aviation administration certificated air carrier
107 3 operation.

107 4 20. Tangible personal property permanently affixed or
107 5 attached as a component part of the aircraft, including but
107 6 not limited to repair or replacement materials or parts; and
107 7 all services used for aircraft repair, remodeling, and
107 8 maintenance services when such services are performed on
107 9 aircraft, aircraft engines, or aircraft component materials or
107 10 parts. For the purposes of this exemption, "aircraft" means
107 11 aircraft used in a nonscheduled interstate federal aviation
107 12 administration certificated air carrier operation operating
107 13 under 14 C.F.R., ch. 1, pt. 135.

107 14 21. Aircraft sold to an aircraft dealer who in turn rents
107 15 or leases the aircraft if all of the following apply:

107 16 a. The aircraft is kept in the inventory of the dealer for
107 17 sale at all times.

107 18 b. The dealer reserves the right to immediately take the
107 19 aircraft from the renter or lessee when a buyer is found.

107 20 c. The renter or lessee is aware that the dealer will
107 21 immediately take the aircraft when a buyer is found.

107 22 If an aircraft exempt under this subsection is used for any
107 23 purpose other than leasing or renting, or the conditions in
107 24 paragraphs "a", "b", and "c" are not continuously met, the
107 25 dealer claiming the exemption under this subsection is liable
107 26 for the tax that would have been due except for this
107 27 subsection. The tax shall be computed upon the original
107 28 purchase price.

107 29 22. The use in this state of building materials, supplies,
107 30 or equipment, the sale or use of which is not treated as a
107 31 retail sale or a sale at retail under section 423.2,
107 32 subsection 1.

107 33 23. Exempted from the purchase price of any vehicle
107 34 subject to registration is:

107 35 a. The amount of any cash rebate which is provided by a
108 1 motor vehicle manufacturer to the purchaser of the vehicle
108 2 subject to registration so long as the rebate is applied to
108 3 the purchase price of the vehicle.

108 4 b. That in transactions, except those subject to paragraph
108 5 "c", in which tangible personal property is traded toward the
108 6 purchase price of other tangible personal property the
108 7 purchase price is only that portion of the purchase price
108 8 which is payable in money to the retailer if the following
108 9 conditions are met:

108 10 (1) The tangible personal property traded to the retailer
108 11 is the type of property normally sold in the regular course of
108 12 the retailer's business.

108 13 (2) The tangible personal property traded to the retailer
108 14 is intended by the retailer to be ultimately sold at retail or
108 15 is intended to be used by the retailer or another in the
108 16 remanufacturing of a like item.

108 17 c. In a transaction between persons, neither of which is a
108 18 retailer of vehicles subject to registration, in which a
108 19 vehicle subject to registration is traded toward the purchase
108 20 price of another vehicle subject to registration, the amount
108 21 of the trade-in value allowed on the vehicle subject to
108 22 registration traded.

108 23 SUBCHAPTER IV

108 24 UNIFORM SALES AND USE TAX ADMINISTRATION ACT

108 25 Sec. 100. NEW SECTION. 423.7 TITLE.

108 26 This subchapter shall be known and may be cited as the
108 27 "Uniform Sales and Use Tax Administration Act".

108 28 Sec. 101. NEW SECTION. 423.8 LEGISLATIVE FINDING AND
108 29 INTENT.

108 30 The general assembly finds that Iowa should enter into an
108 31 agreement with one or more states to simplify and modernize
108 32 sales and use tax administration in order to substantially
108 33 reduce the burden of tax compliance for all sellers and for
108 34 all types of commerce. It is the intent of the general
108 35 assembly that entering into this agreement will lead to
109 1 simplification and modernization of the sales and use tax law
109 2 and not to the imposition of new taxes or an increase or
109 3 decrease in the existing number of exemptions, unless such a

109 4 result is unavoidable under the terms of the agreement.

109 5 Sec. 102. NEW SECTION. 423.9 AUTHORITY TO ENTER

109 6 AGREEMENT AND TO REPRESENT THE STATE.

109 7 The director is authorized and directed to enter into the

109 8 streamlined sales and use tax agreement with one or more

109 9 states to simplify and modernize sales and use tax

109 10 administration in order to substantially reduce the burden of

109 11 tax compliance for all sellers and for all types of commerce.

109 12 The director is further authorized to take other actions

109 13 reasonably required to implement the provisions set forth in

109 14 this chapter. Other actions authorized by this section

109 15 include, but are not limited to, the adoption of rules and the

109 16 joint procurement, with other member states, of goods and

109 17 services in furtherance of the cooperative agreement.

109 18 The director or the director's designee is authorized to be

109 19 a member of the governing board established pursuant to the

109 20 agreement and to represent Iowa before that body.

109 21 Sec. 103. NEW SECTION. 423.10 RELATIONSHIP TO STATE LAW.

109 22 Entry into the agreement by the director does not amend or

109 23 modify any law of this state. Implementation of any condition

109 24 of the agreement in this state, whether adopted before, at, or

109 25 after membership of this state in the agreement, shall be by

109 26 action of the general assembly.

109 27 Sec. 104. NEW SECTION. 423.11 AGREEMENT REQUIREMENTS.

109 28 The director shall not enter into the agreement unless the

109 29 agreement requires each state to abide by the following

109 30 requirements:

109 31 1. UNIFORM STATE RATE. The agreement must set

109 32 restrictions to achieve more uniform state rates through the

109 33 following:

109 34 a. Limiting the number of state rates.

109 35 b. Limiting the application of maximums on the amount of

110 1 state tax that is due on a transaction.

110 2 c. Limiting the application of thresholds on the

110 3 application of state tax.

110 4 2. UNIFORM STANDARDS. The agreement must establish

110 5 uniform standards for the following:

110 6 a. The sourcing of transactions to taxing jurisdictions.

110 7 b. The administration of exempt sales.

110 8 c. The allowances a seller can take for bad debts.

110 9 d. Sales and use tax returns and remittances.

110 10 3. UNIFORM DEFINITIONS. The agreement must require states

110 11 to develop and adopt uniform definitions of sales and use tax

110 12 terms. The definitions must enable a state to preserve its

110 13 ability to make policy choices not inconsistent with the

110 14 uniform definitions.

110 15 4. CENTRAL REGISTRATION. The agreement must provide a

110 16 central, electronic registration system that allows a seller

110 17 to register to collect and remit sales and use taxes for all

110 18 member states.

110 19 5. NO NEXUS ATTRIBUTION. The agreement must provide that

110 20 registration with the central registration system and the

110 21 collection of sales and use taxes in the member states must

110 22 not be used as a factor in determining whether the seller has

110 23 nexus with a state for any tax.

110 24 6. LOCAL SALES AND USE TAXES. The agreement must provide

110 25 for reduction of the burdens of complying with local sales and

110 26 use taxes through the following:

110 27 a. Restricting variances between the state and local tax

110 28 bases.

110 29 b. Requiring states to administer any sales and use taxes

110 30 levied by local jurisdictions within the state so that sellers

110 31 collecting and remitting these taxes must not have to register

110 32 or file returns with, remit funds to, or be subject to

110 33 independent audits from local taxing jurisdictions.

110 34 c. Restricting the frequency of changes in the local sales

110 35 and use tax rates and setting effective dates for the

111 1 application of local jurisdictional boundary changes to local

111 2 sales and use taxes.

111 3 d. Providing notice of changes in local sales and use tax

111 4 rates and of changes in the boundaries of local taxing

111 5 jurisdictions.

111 6 7. MONETARY ALLOWANCES. The agreement must outline any

111 7 monetary allowances that are to be provided by the states to

111 8 sellers or certified service providers.

111 9 8. STATE COMPLIANCE. The agreement must require each

111 10 state to certify compliance with the terms of the agreement

111 11 prior to joining and to maintain compliance, under the laws of

111 12 the member state, with all provisions of the agreement while a

111 13 member.

111 14 9. CONSUMER PRIVACY. The agreement must require each

111 15 state to adopt a uniform policy for certified service
111 16 providers that protects the privacy of consumers and maintains
111 17 the confidentiality of tax information.

111 18 10. ADVISORY COUNCILS. The agreement must provide for the
111 19 appointment of an advisory council of private sector
111 20 representatives and an advisory council of nonmember state
111 21 representatives to consult with in the administration of the
111 22 agreement.

111 23 Sec. 105. NEW SECTION. 423.12 LIMITED BINDING AND
111 24 BENEFICIAL EFFECT.

111 25 1. The agreement binds and inures only to the benefit of
111 26 Iowa and the other member states. A person, other than a
111 27 member state, is not an intended beneficiary of the agreement.
111 28 Any benefit to a person other than a member state is
111 29 established by the law of Iowa and not by the terms of the
111 30 agreement.

111 31 2. A person shall not have any cause of action or defense
111 32 under the agreement or by virtue of this state's entry into
111 33 the agreement. A person may not challenge, in any action
111 34 brought under any provision of law, any action or inaction by
111 35 any department, agency, or other instrumentality of this
112 1 state, or any political subdivision of this state on the
112 2 ground that the action or inaction is inconsistent with the
112 3 agreement.

112 4 3. A law of this state, or the application of it, shall
112 5 not be declared invalid as to any such person or circumstance
112 6 on the ground that the provision or application is
112 7 inconsistent with the agreement.

112 8 SUBCHAPTER V

112 9 SALES AND USE TAX ACT == ADMINISTRATION OF
112 10 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF
112 11 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

112 12 Sec. 106. NEW SECTION. 423.13 PURPOSE OF THIS
112 13 SUBCHAPTER.

112 14 The purpose of this subchapter is to provide for the
112 15 administration and collection of sales or use tax on the part
112 16 of retailers who are not registered under the agreement and
112 17 for the collection of use tax on the part of consumers who are
112 18 obligated to pay that tax directly. Any application of the
112 19 sections of this subchapter to retailers registered under the
112 20 agreement is only by way of incorporation by reference into
112 21 subchapter VI of this chapter.

112 22 Sec. 107. NEW SECTION. 423.14 SALES AND USE TAX
112 23 COLLECTION.

112 24 1. a. Sales tax, other than that described in paragraph
112 25 "c", shall be collected by sellers who are retailers or by
112 26 their agents. Sellers or their agents shall, as far as
112 27 practicable, add the sales tax, or the average equivalent
112 28 thereof, to the sales price or charge, less trade-ins allowed
112 29 and taken and when added such tax shall constitute a part of
112 30 the sales price or charge, shall be a debt from consumer or
112 31 user to seller or agent until paid, and shall be recoverable
112 32 at law in the same manner as other debts.

112 33 b. In computing the tax to be collected as the result of
112 34 any transaction, the tax computation must be carried to the
112 35 third decimal place. Whenever the third decimal place is
113 1 greater than four, the tax must be rounded up to the next
113 2 whole cent; whenever the third decimal place is four or less,
113 3 the tax must be rounded downward to a whole cent. Sellers may
113 4 elect to compute the tax due on transactions on an item or
113 5 invoice basis. Sellers are not required to use a bracket
113 6 system.

113 7 c. The tax imposed upon those sales of motor vehicle fuel
113 8 which are subject to tax and refund under chapter 452A shall
113 9 be collected by the state treasurer by way of deduction from
113 10 refunds otherwise allowable under that chapter. The treasurer
113 11 shall transfer the amount of such deductions from the motor
113 12 vehicle fuel tax fund to the special tax fund.

113 13 2. Use tax shall be collected in the following manner:

113 14 a. The tax upon the use of all vehicles subject to
113 15 registration or subject only to the issuance of a certificate
113 16 of title or the tax upon the use of manufactured housing shall
113 17 be collected by the county treasurer or the state department
113 18 of transportation pursuant to sections 423.26 and 423.27. The
113 19 county treasurer shall retain one dollar from each tax payment
113 20 collected, to be credited to the county general fund.

113 21 b. The tax upon the use of all tangible personal property
113 22 other than that enumerated in paragraph "a", which is sold by
113 23 a seller who is a retailer maintaining a place of business in
113 24 this state, or by such other retailer or agent as the director
113 25 shall authorize pursuant to section 423.30, shall be collected

113 26 by the retailer or agent and remitted to the department,
113 27 pursuant to the provisions of paragraph "e", and sections
113 28 423.24, 423.29, 423.30, 423.32, and 423.33.
113 29 c. The tax upon the use of all tangible personal property
113 30 not paid pursuant to paragraphs "a" and "b" shall be paid to
113 31 the department directly by any person using the property
113 32 within this state, pursuant to the provisions of section
113 33 423.34.

113 34 d. The tax imposed on the use of services enumerated in
113 35 section 423.5 shall be collected, remitted, and paid to the
114 1 department of revenue and finance in the same manner as use
114 2 tax on tangible personal property is collected, remitted, and
114 3 paid under this subchapter.

114 4 e. All persons obligated by paragraph "a", "b", or "d", to
114 5 collect use tax shall, as far as practicable, add that tax, or
114 6 the average equivalent thereof, to the purchase price, less
114 7 trade-ins allowed and taken, and when added the tax shall
114 8 constitute a part of the purchase price. Use tax which this
114 9 section requires to be collected by a retailer and any tax
114 10 collected pursuant to this section by a retailer shall
114 11 constitute a debt owed by the retailer to this state. Tax
114 12 which must be paid directly to the department, pursuant to
114 13 paragraph "c" or "d", is to be computed and added by the
114 14 consumer or user to the purchase price in the same manner as
114 15 this paragraph requires a seller to compute and add the tax.
114 16 The tax shall be a debt from the consumer or user to the
114 17 department until paid, and shall be recoverable at law in the
114 18 same manner as other debts.

114 19 Sec. 108. NEW SECTION. 423.15 GENERAL SOURCING RULES.

114 20 All sellers obligated to collect Iowa sales or use tax
114 21 shall use the standards set out in this section to determine
114 22 where sales of products occur, excluding sales enumerated in
114 23 section 423.16. These provisions apply regardless of the
114 24 characterization of a product as tangible personal property, a
114 25 digital good, or a service, excluding telecommunications
114 26 services. This section only applies to determine a seller's
114 27 obligation to pay or collect and remit a sales or use tax with
114 28 respect to the seller's sale of a product. This section does
114 29 not affect the obligation of a purchaser or lessee to remit
114 30 tax on the use of the product to the taxing jurisdictions in
114 31 which the use occurs. A seller's obligation to collect Iowa
114 32 sales tax or Iowa use tax only occurs if the sale is sourced
114 33 to this state. The application of whether Iowa sales tax
114 34 applies to sales sourced to Iowa depends upon where the sale
114 35 is consummated by delivery.

115 1 1. Sales, excluding leases or rentals other than leases or
115 2 rentals set out in subsection 2, of products shall be sourced
115 3 as follows:

115 4 a. When the product is received by the purchaser at a
115 5 business location of the seller, the sale is sourced to that
115 6 business location.

115 7 b. When the product is not received by the purchaser at a
115 8 business location of the seller, the sale is sourced to the
115 9 location where receipt by the purchaser or the purchaser's
115 10 donee, designated as such by the purchaser, occurs, including
115 11 the location indicated by instructions for delivery to the
115 12 purchaser or donee, known to the seller.

115 13 c. When paragraphs "a" and "b" do not apply, the sale is
115 14 sourced to the location indicated by an address for the
115 15 purchaser that is available from the business records of the
115 16 seller that are maintained in the ordinary course of the
115 17 seller's business when use of this address does not constitute
115 18 bad faith.

115 19 d. When paragraphs "a", "b", and "c" do not apply, the
115 20 sale is sourced to the location indicated by an address for
115 21 the purchaser obtained during the consummation of the sale,
115 22 including the address of a purchaser's payment instrument, if
115 23 no other address is available, when use of this address does
115 24 not constitute bad faith.

115 25 e. When paragraphs "a", "b", "c", and "d" do not apply,
115 26 including the circumstance where the seller is without
115 27 sufficient information to apply the previous rules, then the
115 28 location will be determined by the address from which tangible
115 29 personal property was shipped, from which the digital good or
115 30 the computer software delivered electronically was first
115 31 available for transmission by the seller, or from which the
115 32 service was provided disregarding for these purposes any
115 33 location that merely provided the digital transfer of the
115 34 product sold.

115 35 2. The lease or rental of tangible personal property,
116 1 other than property identified in subsection 3 or section

116 2 423.16, shall be sourced as follows:
116 3 a. For a lease or rental that requires recurring periodic
116 4 payments, the first periodic payment is sourced the same as a
116 5 retail sale in accordance with the provisions of subsection 1.
116 6 Periodic payments made subsequent to the first payment are
116 7 sourced to the primary property location for each period
116 8 covered by the payment. The primary property location shall
116 9 be as indicated by an address for the property provided by the
116 10 lessee that is available to the lessor from its records
116 11 maintained in the ordinary course of business, when use of
116 12 this address does not constitute bad faith. The property
116 13 location shall not be altered by intermittent use at different
116 14 locations, such as use of business property that accompanies
116 15 employees on business trips and service calls.

116 16 b. For a lease or rental that does not require recurring
116 17 periodic payments, the payment is sourced the same as a retail
116 18 sale in accordance with the provisions of subsection 1.

116 19 c. This subsection does not affect the imposition or
116 20 computation of sales or use tax on leases or rentals based on
116 21 a lump sum or accelerated basis, or on the acquisition of
116 22 property for lease.

116 23 3. The retail sale, including lease or rental, of
116 24 transportation equipment shall be sourced the same as a retail
116 25 sale in accordance with the provisions of subsection 1,
116 26 notwithstanding the exclusion of lease or rental in that
116 27 subsection. "Transportation equipment" means any of the
116 28 following:

116 29 a. Locomotives or railcars that are utilized for the
116 30 carriage of persons or property in interstate commerce.

116 31 b. Trucks and truck=tractors with a gross vehicle weight
116 32 rating of ten thousand one pounds or greater, trailers,
116 33 semitrailers, or passenger buses that meet both of the
116 34 following requirements:

116 35 (1) Are registered through the international registration
117 1 plan.

117 2 (2) Are operated under authority of a carrier authorized
117 3 and certificated by the United States department of
117 4 transportation or another federal authority to engage in the
117 5 carriage of persons or property in interstate commerce.

117 6 c. Aircraft that are operated by air carriers authorized
117 7 and certificated by the United States department of
117 8 transportation or another federal or a foreign authority to
117 9 engage in the carriage of persons or property in interstate or
117 10 foreign commerce.

117 11 d. Containers designed for use on and component parts
117 12 attached or secured on the items set forth in paragraphs "a"
117 13 through "c".

117 14 Sec. 109. NEW SECTION. 423.16 TRANSACTIONS TO WHICH THE
117 15 GENERAL SOURCING RULES DO NOT APPLY.

117 16 Section 423.15 does not apply to sales or use taxes levied
117 17 on the following:

117 18 1. The retail sale or transfer of watercraft, modular
117 19 homes, manufactured housing, or mobile homes, and the retail
117 20 sale, excluding lease or rental, of motor vehicles, trailers,
117 21 semitrailers, or aircraft that do not qualify as
117 22 transportation equipment, as defined in section 423.15,
117 23 subsection 3.

117 24 2. The lease or rental of motor vehicles, trailers,
117 25 semitrailers, or aircraft that do not qualify as
117 26 transportation equipment, as defined in section 423.15,
117 27 subsection 3, which shall be sourced in accordance with
117 28 section 423.17.

117 29 3. Transactions to which the multiple points use exemption
117 30 is applicable, which shall be sourced in accordance with
117 31 section 423.18.

117 32 4. Transactions to which direct mail sourcing is
117 33 applicable, which shall be sourced in accordance with section
117 34 423.19.

117 35 5. Telecommunications services, as set out in section
118 1 423.20, which shall be sourced in accordance with section
118 2 423.20, subsection 2.

118 3 Sec. 110. NEW SECTION. 423.17 SOURCING RULES FOR VARIOUS
118 4 TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS NOT
118 5 TRANSPORTATION EQUIPMENT.

118 6 The lease or rental of motor vehicles, trailers,
118 7 semitrailers, or aircraft that do not qualify as
118 8 transportation equipment, as defined in section 423.15,
118 9 subsection 3, shall be sourced as follows:

118 10 1. For a lease or rental that requires recurring periodic
118 11 payments, each periodic payment is sourced to the primary
118 12 property location. The primary property location shall be as

118 13 indicated by an address for the property provided by the
118 14 lessee that is available to the lessor from its records
118 15 maintained in the ordinary course of business, when use of
118 16 this address does not constitute bad faith. This location
118 17 shall not be altered by intermittent use at different
118 18 locations.

118 19 2. For a lease or rental that does not require recurring
118 20 periodic payments, the payment is sourced the same as a retail
118 21 sale in accordance with the provisions of section 423.15,
118 22 subsection 1.

118 23 3. This section does not affect the imposition or
118 24 computation of sales or use tax on leases or rentals based on
118 25 a lump sum or accelerated basis, or on the acquisition of
118 26 property for lease.

118 27 Sec. 111. NEW SECTION. 423.18 MULTIPLE POINTS OF USE
118 28 EXEMPTION FORMS.

118 29 A business purchaser that is not a holder of a direct pay
118 30 tax permit pursuant to section 423.36 that knows at the time
118 31 of its purchase of a digital good, computer software delivered
118 32 electronically, or a service that the digital good, computer
118 33 software delivered electronically, or service will be
118 34 concurrently available for use in more than one jurisdiction
118 35 shall deliver to the seller in conjunction with its purchase a
119 1 "multiple points of use" or "MPU" exemption form disclosing
119 2 this fact.

119 3 1. Upon receipt of the MPU exemption form, the seller is
119 4 relieved of all obligation to collect, pay, or remit the
119 5 applicable tax and the purchaser shall be obligated to
119 6 collect, pay, or remit the applicable tax on a direct pay
119 7 basis.

119 8 2. A purchaser delivering the MPU exemption form may use
119 9 any reasonable, but consistent and uniform, method of
119 10 apportionment that is supported by the purchaser's business
119 11 records as they exist at the time of the consummation of the
119 12 sale.

119 13 3. The MPU exemption form will remain in effect for all
119 14 future sales by the seller to the purchaser except as to the
119 15 subsequent sale's specific apportionment that is governed by
119 16 the principle of subsection 2 and the facts existing at the
119 17 time of the sale until it is revoked in writing.

119 18 4. A holder of a direct pay tax permit under section
119 19 423.36 shall not be required to deliver an MPU exemption form
119 20 to the seller. A direct pay tax permit holder shall follow
119 21 the provisions of subsection 2 in apportioning the tax due on
119 22 a digital good, computer software delivered electronically, or
119 23 service that will be concurrently available for use in more
119 24 than one jurisdiction.

119 25 Sec. 112. NEW SECTION. 423.19 DIRECT MAIL SOURCING.

119 26 1. Notwithstanding section 423.15, a purchaser of direct
119 27 mail that is not a holder of a direct pay tax permit pursuant
119 28 to section 423.36 shall provide to the seller in conjunction
119 29 with the purchase either a direct mail form or information to
119 30 show the jurisdictions to which the direct mail is delivered
119 31 to recipients.

119 32 a. Upon receipt of the direct mail form, the seller is
119 33 relieved of all obligations to collect, pay, or remit the
119 34 applicable tax and the purchaser is obligated to pay or remit
119 35 the applicable tax on a direct pay basis. A direct mail form
120 1 shall remain in effect for all future sales of direct mail by
120 2 the seller to the purchaser until it is revoked in writing.

120 3 b. Upon receipt of information from the purchaser showing
120 4 the jurisdictions to which the direct mail is delivered to
120 5 recipients, the seller shall collect the tax according to the
120 6 delivery information provided by the purchaser. In the
120 7 absence of bad faith, the seller is relieved of any further
120 8 obligation to collect tax on any transaction where the seller
120 9 has collected tax pursuant to the delivery information
120 10 provided by the purchaser.

120 11 2. If the purchaser of direct mail does not have a direct
120 12 pay tax permit and does not provide the seller with either a
120 13 direct mail form or delivery information, as required by
120 14 subsection 1, the seller shall collect the tax according to
120 15 section 423.15, subsection 1, paragraph "e". Nothing in this
120 16 subsection shall limit a purchaser's obligation for sales or
120 17 use tax to any state to which the direct mail is delivered.

120 18 3. If a purchaser of direct mail provides the seller with
120 19 documentation of direct pay authority, the purchaser shall not
120 20 be required to provide a direct mail form or delivery
120 21 information to the seller.

120 22 Sec. 113. NEW SECTION. 423.20 TELECOMMUNICATIONS SERVICE
120 23 SOURCING.

120 24 1. As used in this section:
120 25 a. "Air-to-ground radiotelephone service" means a radio
120 26 service, as that term is used in 47 C.F.R. } 22.99, in which
120 27 common carriers are authorized to offer and provide radio
120 28 telecommunications service for hire to subscribers in
120 29 aircraft.
120 30 b. "Call-by-call basis" means any method of charging for
120 31 the telecommunications service where the price is measured by
120 32 individual calls.
120 33 c. "Communications channel" means a physical or virtual
120 34 path of communications over which signals are transmitted
120 35 between or among customer channel termination points.
121 1 d. "Customer" means the person or entity that contracts
121 2 with the seller of the telecommunications service. If the end
121 3 user of the telecommunications service is not the contracting
121 4 party, the end user of the telecommunications service is the
121 5 customer of the telecommunications service, but this sentence
121 6 only applies for the purpose of sourcing sales of the
121 7 telecommunications service under this section. "Customer"
121 8 does not include a reseller of a telecommunications service or
121 9 for mobile telecommunications service of a serving carrier
121 10 under an agreement to serve the customer outside the home
121 11 service provider's licensed service area.
121 12 e. "Customer channel termination point" means the location
121 13 where the customer either inputs or receives the
121 14 communications.
121 15 f. "End user" means the person who utilizes the
121 16 telecommunications service. In the case of an entity, "end
121 17 user" means the individual who utilizes the service on behalf
121 18 of the entity.
121 19 g. "Home service provider" means the same as that term is
121 20 defined in the federal Mobile Telecommunications Sourcing Act,
121 21 Pub. L. No. 106=252, 4 U.S.C. } 124(5).
121 22 h. "Mobile telecommunications service" means the same as
121 23 that term is defined in federal Mobile Telecommunications
121 24 Sourcing Act, Pub. L. No. 106=252, 4 U.S.C. } 124(7).
121 25 i. "Place of primary use" means the street address
121 26 representative of where the customer's use of the
121 27 telecommunications service primarily occurs, which must be the
121 28 residential street address or the primary business street
121 29 address of the customer. In the case of mobile
121 30 telecommunications service, "place of primary use" must be
121 31 within the licensed service area of the home service provider.
121 32 j. "Postpaid calling service" means the telecommunications
121 33 service obtained by making a payment on a call-by-call basis
121 34 either through the use of a credit card or payment mechanism
121 35 such as a bank card, travel card, credit card, or debit card,
122 1 or by charge made to a telephone number which is not
122 2 associated with the origination or termination of the
122 3 telecommunications service. A "postpaid calling service"
122 4 includes a telecommunications service that would be a prepaid
122 5 calling service except it is not exclusively a
122 6 telecommunications service.
122 7 k. "Prepaid calling service" means the right to access
122 8 exclusively telecommunications services, which must be paid
122 9 for in advance and which enables the origination of calls
122 10 using an access number or authorization code, whether manually
122 11 or electronically dialed, and that is sold in predetermined
122 12 units or dollars of which the amount declines with use in a
122 13 known amount.
122 14 l. "Private communication service" means a
122 15 telecommunications service that entitles the customer to
122 16 exclusive or priority use of a communications channel or group
122 17 of channels between or among termination points, regardless of
122 18 the manner in which such channel or channels are connected,
122 19 and includes switching capacity, extension lines, stations,
122 20 and any other associated services that are provided in
122 21 connection with the use of such channel or channels.
122 22 m. "Service address" means one of the following:
122 23 (1) The location of the telecommunications equipment to
122 24 which a customer's call is charged and from which the call
122 25 originates or terminates, regardless of where the call is
122 26 billed or paid.
122 27 (2) If the location in subparagraph (1) is not known,
122 28 "service address" means the origination point of the signal of
122 29 the telecommunications service first identified by either the
122 30 seller's telecommunications system or in information received
122 31 by the seller from its service provider, where the system used
122 32 to transport such signals is not that of the seller.
122 33 (3) If the locations in subparagraphs (1) and (2) are not
122 34 known, the "service address" means the location of the

122 35 customer's place of primary use.

123 1 2. Sales of telecommunications services shall be sourced
123 2 in the following manner:

123 3 a. Except for the defined telecommunications services in
123 4 paragraph "c", the sale of telecommunications services sold on
123 5 a call-by-call basis shall be sourced to one of the following:

123 6 (1) Each level of taxing jurisdiction where the call
123 7 originates and terminates in that jurisdiction.

123 8 (2) Each level of taxing jurisdiction where the call
123 9 either originates or terminates and in which the service
123 10 address is also located.

123 11 b. Except for the defined telecommunications services in
123 12 paragraph "c", a sale of telecommunications services sold on a
123 13 basis other than a call-by-call basis is sourced to the
123 14 customer's place of primary use.

123 15 c. Sale of the following telecommunications services shall
123 16 be sourced to each level of taxing jurisdiction as follows:

123 17 (1) A sale of mobile telecommunications services other
123 18 than air-to-ground radiotelephone service or prepaid calling
123 19 service is sourced to the customer's place of primary use as
123 20 required by the federal Mobile Telecommunications Sourcing
123 21 Act.

123 22 (2) A sale of postpaid calling service is sourced to the
123 23 origination point of the telecommunications signal as first
123 24 identified by either of the following:

123 25 (a) The seller's telecommunications system.

123 26 (b) Information received by the seller from its service
123 27 provider, where the system used to transport such signals is
123 28 not that of the seller.

123 29 (3) A sale of prepaid calling service is sourced in
123 30 accordance with section 423.15. However, in the case of a
123 31 sale of mobile telecommunications services that is a prepaid
123 32 telecommunications service, the rule provided in section
123 33 423.15, subsection 1, paragraph "e", shall include as an
123 34 option the location associated with the mobile telephone
123 35 number.

124 1 (4) A sale of a private telecommunications service is
124 2 sourced as follows:

124 3 (a) Service for a separate charge related to a customer
124 4 channel termination point is sourced to each level of
124 5 jurisdiction in which such customer channel termination point
124 6 is located.

124 7 (b) Service where all customer termination points are
124 8 located entirely within one jurisdiction or level of
124 9 jurisdiction is sourced in such jurisdiction in which the
124 10 customer channel termination points are located.

124 11 (c) Service for segments of a channel between two customer
124 12 channel termination points located in different jurisdictions
124 13 and which segments of a channel are separately charged is
124 14 sourced fifty percent in each level of jurisdiction in which
124 15 the customer channel termination points are located.

124 16 (d) Service for segments of a channel located in more than
124 17 one jurisdiction or levels of jurisdiction and which segments
124 18 are not separately billed is sourced in each jurisdiction
124 19 based on the percentage determined by dividing the number of
124 20 customer channel termination points in such jurisdiction by
124 21 the total number of customer channel termination points.

124 22 Sec. 114. NEW SECTION. 423.21 BAD DEBT DEDUCTIONS.

124 23 1. For the purposes of this section, "bad debt" means an
124 24 amount properly calculated pursuant to section 166 of the
124 25 Internal Revenue Code then adjusted to exclude financing
124 26 charges or interest, sales or use taxes charged on the
124 27 purchase price, uncollectible amounts on property that remain
124 28 in the possession of the seller until the full purchase price
124 29 is paid, expenses incurred in attempting to collect any debt,
124 30 and repossessed property.

124 31 2. In computing the amount of tax due, a seller may deduct
124 32 bad debts from the total amount upon which the tax is
124 33 calculated for any return. Any deduction taken or refund paid
124 34 which is attributed to bad debts shall not include interest.

124 35 3. A seller may deduct bad debts on the return for the
125 1 period during which the bad debt is written off as
125 2 uncollectible in the seller's books and records and is
125 3 eligible to be deducted for federal income tax purposes. For
125 4 purposes of this subsection, a seller who is not required to
125 5 file federal income tax returns may deduct a bad debt on a
125 6 return filed for the period in which the bad debt is written
125 7 off as uncollectible in the seller's books and records and
125 8 would be eligible for a bad debt deduction for federal income
125 9 tax purposes if the seller were required to file a federal
125 10 income tax return.

125 11 4. If a deduction is taken for a bad debt and the seller
125 12 subsequently collects the debt in whole or in part, the tax on
125 13 the amount so collected must be paid and reported on the
125 14 return filed for the period in which the collection is made.

125 15 5. A seller may obtain a refund of tax on any amount of
125 16 bad debt that exceeds the amount of taxable sales within the
125 17 period allowed for refund claims by section 423.47. However,
125 18 the period allowed for refund claims shall be measured from
125 19 the due date of the return on which the bad debt could first
125 20 be claimed.

125 21 6. For the purposes of computing a bad debt deduction or
125 22 reporting a payment received on a previously claimed bad debt,
125 23 any payments made on a debt or account shall be applied first
125 24 to the price of the property or service and tax thereon,
125 25 proportionally, and secondly to interest, service charges, and
125 26 any other charges.

125 27 Sec. 115. NEW SECTION. 423.22 TAXATION IN ANOTHER STATE.
125 28 If any person who causes tangible personal property to be
125 29 brought into this state or who uses in this state services
125 30 enumerated in section 423.2 has already paid a tax in another
125 31 state in respect to the sale or use of the property or the
125 32 performance of the service, or an occupation tax in respect to
125 33 the property or service, in an amount less than the tax
125 34 imposed by subchapter II or III, the provisions of those
125 35 subchapters shall apply, but at a rate measured by the
126 1 difference only between the rate fixed by subchapter II or III
126 2 and the rate by which the previous tax on the sale or use, or
126 3 the occupation tax, was computed. If the tax imposed and paid
126 4 in the other state is equal to or more than the tax imposed by
126 5 those subchapters, then a tax is not due in this state on the
126 6 personal property or service.

126 7 Sec. 116. NEW SECTION. 423.23 SELLERS' AGREEMENTS.
126 8 Agreements between competing sellers, or the adoption of
126 9 appropriate rules and regulations by organizations or
126 10 associations of sellers to provide uniform methods for adding
126 11 sales or use tax or the average equivalent thereof, and which
126 12 do not involve price-fixing agreements otherwise unlawful, are
126 13 expressly authorized and shall be held not in violation of
126 14 chapter 553 or other antitrust laws of this state. The
126 15 director shall cooperate with sellers, organizations, or
126 16 associations in formulating agreements and rules.

126 17 Sec. 117. NEW SECTION. 423.24 ABSORBING TAX PROHIBITED.
126 18 A seller shall not advertise or hold out or state to the
126 19 public or to any purchaser, consumer, or user, directly or
126 20 indirectly, that the taxes or any parts thereof imposed by
126 21 subchapter II or III will be assumed or absorbed by the seller
126 22 or the taxes will not be added to the sales price of the
126 23 property sold, or if added that the taxes or any part thereof
126 24 will be refunded. Any person violating any of the provisions
126 25 of this section within this state is guilty of a simple
126 26 misdemeanor.

126 27 Sec. 118. NEW SECTION. 423.25 DIRECTOR'S POWER TO ADOPT
126 28 RULES.
126 29 The director shall have the power to adopt rules for adding
126 30 the taxes imposed by subchapters II and III, or the average
126 31 equivalents thereof, by providing different methods applying
126 32 uniformly to retailers within the same general classification
126 33 for the purpose of enabling the retailers to add and collect,
126 34 as far as practicable, the amounts of those taxes.

126 35 Sec. 119. NEW SECTION. 423.26 VEHICLES SUBJECT TO
127 1 REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE == MANUFACTURED
127 2 HOUSING.
127 3 The use tax imposed upon the use of vehicles subject to
127 4 registration or subject only to the issuance of a certificate
127 5 of title or imposed upon the use of manufactured housing shall
127 6 be paid by the owner of the vehicle or of the manufactured
127 7 housing to the county treasurer or the state department of
127 8 transportation from whom the registration receipt or
127 9 certificate of title is obtained. A registration receipt for
127 10 a vehicle subject to registration or certificate of title
127 11 shall not be issued until the tax has been paid. The county
127 12 treasurer or the state department of transportation shall
127 13 require every applicant for a registration receipt for a
127 14 vehicle subject to registration or certificate of title to
127 15 supply information as the county treasurer or the director
127 16 deems necessary as to the time of purchase, the purchase
127 17 price, installed purchase price, and other information
127 18 relative to the purchase of the vehicle or manufactured
127 19 housing. On or before the tenth day of each month, the county
127 20 treasurer or the state department of transportation shall
127 21 remit to the department the amount of the taxes collected

127 22 during the preceding month.

127 23 A person who willfully makes a false statement in regard to
127 24 the purchase price of a vehicle subject to taxation under this
127 25 section is guilty of a fraudulent practice. A person who
127 26 willfully makes a false statement in regard to the purchase
127 27 price of such a vehicle with the intent to evade the payment
127 28 of tax shall be assessed a penalty of seventy-five percent of
127 29 the amount of tax unpaid and required to be paid on the actual
127 30 purchase price less trade-in allowance.

127 31 Sec. 120. NEW SECTION. 423.27 MOTOR VEHICLE LEASE TAX.

127 32 1. The use tax imposed upon the use of leased vehicles
127 33 subject to registration under chapter 321, with gross vehicle
127 34 weight ratings of less than sixteen thousand pounds, excluding
127 35 motorcycles and motorized bicycles, which are leased by a
128 1 lessor licensed pursuant to chapter 321F for a period of
128 2 twelve months or more shall be paid by the owner of the
128 3 vehicle to the county treasurer or state department of
128 4 transportation from whom the registration receipt or
128 5 certificate of title is obtained. A registration receipt for
128 6 a vehicle subject to registration or issuance of a certificate
128 7 of title shall not be issued until the tax is paid in the
128 8 initial instance. Tax on the lease transaction that does not
128 9 require titling or registration of the vehicle shall be
128 10 remitted to the department. Tax and the reporting of tax due
128 11 to the department shall be remitted on or before fifteen days
128 12 from the last day of the month that the vehicle lease tax
128 13 becomes due. Failure to timely report or remit any of the tax
128 14 when due shall result in a penalty and interest being imposed
128 15 on the tax due pursuant to section 423.40, subsection 1, and
128 16 section 423.42, subsection 1.

128 17 2. The amount subject to tax shall be computed on each
128 18 separate lease transaction by taking the total of the lease
128 19 payments, plus the down payment, and excluding all of the
128 20 following:

- 128 21 a. Title fee.
- 128 22 b. Registration fees.
- 128 23 c. Vehicle lease tax pursuant to this section.
- 128 24 d. Federal excise taxes attributable to the sale of the
128 25 vehicle to the owner or to the lease of the vehicle by the
128 26 owner.
- 128 27 e. Optional service or warranty contracts subject to tax
128 28 pursuant to section 423.2, subsection 1.
- 128 29 f. Insurance.
- 128 30 g. Manufacturer's rebate.
- 128 31 h. Refundable deposit.
- 128 32 i. Finance charges, if any, on items listed in paragraphs
128 33 "a" through "h".

128 34 If any or all of the items in paragraphs "a" through "i"
128 35 are excluded from the taxable lease price, the owner shall
129 1 maintain adequate records of the amounts of those items. If
129 2 the parties to a lease enter into an agreement providing that
129 3 the tax imposed under this statute is to be paid by the lessee
129 4 or included in the monthly lease payments to be paid by the
129 5 lessee, the total cost of the tax shall not be included in the
129 6 computation of lease price for the purpose of taxation under
129 7 this section. The county treasurer, the state department of
129 8 transportation, or the department of revenue and finance shall
129 9 require every applicant for a registration receipt for a
129 10 vehicle subject to tax under this section to supply
129 11 information as the county treasurer or director deems
129 12 necessary as to the date of the lease transaction, the lease
129 13 price, and other information relative to the lease of the
129 14 vehicle.

129 15 3. On or before the tenth day of each month, the county
129 16 treasurer or the state department of transportation shall
129 17 remit to the department the amount of the taxes collected
129 18 during the preceding month.

129 19 4. If the lease is terminated prior to the termination
129 20 date contained in the lease agreement, no refund shall be
129 21 allowed for tax previously paid under this section, except as
129 22 provided in section 322G.4.

129 23 Sec. 121. NEW SECTION. 423.28 SALES TAX REPORT ==
129 24 DEDUCTION.

129 25 Motor vehicle or trailer dealers, in making their reports
129 26 and returns to the department for the purpose of paying the
129 27 sales tax, shall be permitted to deduct all sales prices from
129 28 retail sales of vehicles subject to registration or subject
129 29 only to the issuance of a certificate of title. Sales prices
129 30 from sales of vehicles subject to registration or subject only
129 31 to the issuance of a certificate of title are exempted from
129 32 the sales tax, but, if required by the director, the sales

129 33 prices shall be included in the returns made by motor vehicle
129 34 or trailer dealers under subchapter II, and proper deductions
129 35 taken pursuant to this section.

130 1 Sec. 122. NEW SECTION. 423.29 COLLECTIONS BY SELLERS.

130 2 Every seller who is a retailer and who is making taxable
130 3 sales of tangible personal property in Iowa shall, at the time
130 4 of selling the property, collect the sales tax. Every seller
130 5 who is a retailer maintaining a place of business in this
130 6 state and selling tangible personal property for use in Iowa
130 7 shall, at the time of making the sale, whether within or
130 8 without the state, collect the use tax. Sellers required to
130 9 collect sales or use tax shall give to any purchaser a receipt
130 10 for the tax collected in the manner and form prescribed by the
130 11 director.

130 12 Every seller who is a retailer furnishing taxable services
130 13 in Iowa and every seller who is a retailer maintaining a place
130 14 of business in this state and furnishing taxable services in
130 15 Iowa or services outside Iowa if the product or result of the
130 16 service is used in Iowa shall be subject to the provisions of
130 17 the preceding paragraph.

130 18 Sec. 123. NEW SECTION. 423.30 FOREIGN SELLERS NOT
130 19 REGISTERED UNDER THE AGREEMENT.

130 20 The director may, upon application, authorize the
130 21 collection of the use tax by any seller who is a retailer not
130 22 maintaining a place of business within this state and not
130 23 registered under the agreement, who, to the satisfaction of
130 24 the director, furnishes adequate security to ensure collection
130 25 and payment of the tax. Such sellers shall be issued, without
130 26 charge, permits to collect tax subject to any regulations
130 27 which the director shall prescribe. When so authorized, it
130 28 shall be the duty of foreign sellers to collect the tax upon
130 29 all tangible personal property sold, to the retailer's
130 30 knowledge, for use within this state, in the same manner and
130 31 subject to the same requirements as a retailer maintaining a
130 32 place of business within this state. The authority and permit
130 33 may be canceled when, at any time, the director considers the
130 34 security inadequate, or that tax can more effectively be
130 35 collected from the person using property in this state.

131 1 The discretionary power granted in this section is extended
131 2 to apply in the case of foreign retailers furnishing services
131 3 enumerated in section 423.2.

131 4 Sec. 124. NEW SECTION. 423.31 FILING OF SALES TAX
131 5 RETURNS AND PAYMENT OF SALES TAX.

131 6 1. Each person subject to this section and section 423.36
131 7 and in accordance with the provisions of this section and
131 8 section 423.36 shall, on or before the last day of the month
131 9 following the close of each calendar quarter during which such
131 10 person is or has become or ceased being subject to the
131 11 provisions of this section and section 423.36, make, sign, and
131 12 file a return for the calendar quarter in the form as may be
131 13 required. Returns shall show information relating to sales
131 14 prices including goods, wares, and services converted to the
131 15 use of such person, the amounts of sales prices excluded and
131 16 exempt from the tax, the amounts of sales prices subject to
131 17 tax, a calculation of tax due, and any other information for
131 18 the period covered by the return as may be required. Returns
131 19 shall be signed by the retailer or the retailer's authorized
131 20 agent and must be certified by the retailer to be correct in
131 21 accordance with forms and rules prescribed by the director.

131 22 2. Persons required to file, or committed to file by
131 23 reason of voluntary action or by order of the department,
131 24 deposits of taxes due under this subchapter shall be entitled
131 25 to take credit against the total quarterly amount of tax due
131 26 such amount as shall have been deposited by such persons
131 27 during that calendar quarter. The balance remaining due after
131 28 such credit for deposits shall be entered on the return.
131 29 However, such person may be granted an extension of time not
131 30 exceeding thirty days for filing the quarterly return, upon a
131 31 proper showing of necessity. If an extension is granted, such
131 32 person shall have paid by the twentieth day of the month
131 33 following the close of such quarter ninety percent of the
131 34 estimated tax due.

131 35 3. The sales tax forms prescribed by the director shall be
132 1 referred to as "retailers tax deposit". Deposit forms shall
132 2 be signed by the retailer or the retailer's duly authorized
132 3 agent, and shall be duly certified by the retailer or agent to
132 4 be correct. The director may authorize incorporated banks and
132 5 trust companies or other depositories authorized by law which
132 6 are depositories or financial agents of the United States, or
132 7 of this state, to receive any sales tax imposed under this
132 8 chapter, in the manner, at the times, and under the conditions

132 9 the director prescribes. The director shall prescribe the
132 10 manner, times, and conditions under which the receipt of the
132 11 tax by those depositories is to be treated as payment of the
132 12 tax to the department.

132 13 4. Every retailer at the time of making any return
132 14 required by this section shall compute and pay to the
132 15 department the tax due for the preceding period. The tax on
132 16 sales prices from the sale or rental of tangible personal
132 17 property under a consumer rental purchase agreement as defined
132 18 in section 537.3604, subsection 8, is payable in the tax
132 19 period of receipt.

132 20 5. Upon making application and receiving approval from the
132 21 director, a parent corporation and its affiliated corporations
132 22 that make retail sales of tangible personal property or
132 23 taxable enumerated services may make deposits and file a
132 24 consolidated sales tax return for the affiliated group,
132 25 pursuant to rules adopted by the director. A parent
132 26 corporation and each affiliate corporation that files a
132 27 consolidated return are jointly and severally liable for all
132 28 tax, penalty, and interest found due for the tax period for
132 29 which a consolidated return is filed or required to be filed.

132 30 A business required to file a consolidated sales tax return
132 31 shall file a form entitled "schedule of consolidated business
132 32 locations" with its quarterly sales tax return that shows the
132 33 taxpayer's consolidated permit number, the permit number for
132 34 each Iowa business location, the state sales tax amount by
132 35 business location, and the amount of state sales tax due on
133 1 goods consumed that are not assigned to a specific business
133 2 location. Consolidated quarterly sales tax returns that are
133 3 not accompanied by the schedule of consolidated business
133 4 locations form are considered incomplete and are subject to
133 5 penalty under section 421.27.

133 6 6. If necessary or advisable in order to insure the
133 7 payment of the tax, the director may require returns and
133 8 payment of the tax to be made for other than quarterly
133 9 periods, the provisions of this section, or other provision to
133 10 the contrary notwithstanding.

133 11 Sec. 125. NEW SECTION. 423.32 FILING OF USE TAX RETURNS
133 12 AND PAYMENT OF USE TAX.

133 13 1. A retailer maintaining a place of business in this
133 14 state who is required to collect or a user who is required to
133 15 pay the use tax or a foreign retailer authorized, pursuant to
133 16 section 423.30, to collect the use tax, shall remit to the
133 17 department the amount of tax on or before the last day of the
133 18 month following each calendar quarterly period. However, a
133 19 retailer who collects or owes more than fifteen hundred
133 20 dollars in use taxes in a month shall deposit with the
133 21 department or in a depository authorized by law and designated
133 22 by the director, the amount collected or owed, with a deposit
133 23 form for the month as prescribed by the director.

133 24 a. The deposit form is due on or before the twentieth day
133 25 of the month following the month of collection, except a
133 26 deposit is not required for the third month of the calendar
133 27 quarter, and the total quarterly amount, less the amounts
133 28 deposited for the first two months of the quarter, is due with
133 29 the quarterly report on the last day of the month following
133 30 the month of collection. At that time, the retailer shall
133 31 file with the department a return for the preceding quarterly
133 32 period in the form prescribed by the director showing the
133 33 purchase price of the tangible personal property sold by the
133 34 retailer during the preceding quarterly period, the use of
133 35 which is subject to the use tax imposed by this chapter, and
134 1 other information the director deems necessary for the proper
134 2 administration of the use tax.

134 3 b. The return shall be accompanied by a remittance of the
134 4 use tax for the period covered by the return. If necessary in
134 5 order to ensure payment to the state of the tax, the director
134 6 may in any or all cases require returns and payments to be
134 7 made for other than quarterly periods. The director, upon
134 8 request and a proper showing of necessity, may grant an
134 9 extension of time not to exceed thirty days for making any
134 10 return and payment. Returns shall be signed, in accordance
134 11 with forms and rules prescribed by the director, by the
134 12 retailer or the retailer's authorized agent, and shall be
134 13 certified by the retailer or agent to be correct.

134 14 2. If it is reasonably expected, as determined by rules
134 15 prescribed by the director, that a retailer's annual sales or
134 16 use tax liability will not exceed one hundred twenty dollars
134 17 for a calendar year, the retailer may request and the director
134 18 may grant permission to the retailer, in lieu of the quarterly
134 19 filing and remitting requirements set out elsewhere in this

134 20 section, to file the return required by and remit the sales or
134 21 use tax due under this section on a calendar-year basis. The
134 22 return and tax are due and payable no later than January 31
134 23 following each calendar year in which the retailer carries on
134 24 business.

134 25 3. The director, in cooperation with the department of
134 26 management, may periodically change the filing and remittance
134 27 thresholds by administrative rule if in the best interests of
134 28 the state and taxpayer to do so.

134 29 Sec. 126. NEW SECTION. 423.33 LIABILITY OF PERSONS OTHER
134 30 THAN RETAILERS FOR PAYMENT OF SALES OR USE TAX.

134 31 1. LIABILITY OF PURCHASER FOR SALES TAX. If a purchaser
134 32 fails to pay sales tax to the retailer required to collect the
134 33 tax, then in addition to all of the rights, obligations, and
134 34 remedies provided, the tax is payable by the purchaser
134 35 directly to the department, and sections 423.31, 423.32,
135 1 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 apply to
135 2 the purchaser. For failure to pay, the retailer and purchaser
135 3 are liable, unless the circumstances described in section
135 4 421.60, subsection 2, paragraph "m", or section 423.45,
135 5 subsection 4, paragraph "b" or "e", or subsection 5, paragraph
135 6 "c" or "e", are applicable.

135 7 2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE TAX. If
135 8 a retailer sells the retailer's business or stock of goods or
135 9 quits the business, the retailer shall prepare a final return
135 10 and pay all sales or use tax due within the time required by
135 11 law. The immediate successor to the retailer, if any, shall
135 12 withhold a sufficient portion of the purchase price, in money
135 13 or money's worth, to pay the amount of delinquent tax,
135 14 interest, or penalty due and unpaid. If the immediate
135 15 successor of the business or stock of goods intentionally
135 16 fails to withhold the amount due from the purchase price as
135 17 provided in this subsection, the immediate successor is
135 18 personally liable for the payment of delinquent taxes,
135 19 interest, and penalty accrued and unpaid on account of the
135 20 operation of the business by the immediate former retailer,
135 21 except when the purchase is made in good faith as provided in
135 22 section 421.28. However, a person foreclosing on a valid
135 23 security interest or retaking possession of premises under a
135 24 valid lease is not an "immediate successor" for purposes of
135 25 this section. The department may waive the liability of the
135 26 immediate successor under this subsection if the immediate
135 27 successor exercised good faith in establishing the amount of
135 28 the previous liability.

135 29 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A person
135 30 sponsoring a flea market or a craft, antique, coin, or stamp
135 31 show or similar event shall obtain from every retailer selling
135 32 tangible personal property or taxable services at the event
135 33 proof that the retailer possesses a valid sales tax permit or
135 34 secure from the retailer a statement, taken in good faith,
135 35 that property or services offered for sale are not subject to
136 1 sales tax. Failure to do so renders a sponsor of the event
136 2 liable for payment of any sales tax, interest, and penalty due
136 3 and owing from any retailer selling property or services at
136 4 the event. Sections 423.31, 423.32, 423.37, 423.38, 423.39,
136 5 423.40, 423.41, and 423.42 apply to the sponsors. For
136 6 purposes of this subsection, a person sponsoring a flea market
136 7 or a craft, antique, coin, or stamp show or similar event does
136 8 not include an organization which sponsors an event less than
136 9 three times a year or a state, county, or district
136 10 agricultural fair.

136 11 Sec. 127. NEW SECTION. 423.34 LIABILITY OF USER.

136 12 Any person who uses any property or services enumerated in
136 13 section 423.2 upon which the use tax has not been paid, either
136 14 to the county treasurer or to a retailer or direct to the
136 15 department as required by this subchapter, shall be liable for
136 16 the payment of tax, and shall on or before the last day of the
136 17 month next succeeding each quarterly period pay the use tax
136 18 upon all property or services used by the person during the
136 19 preceding quarterly period in the manner and accompanied by
136 20 such returns as the director shall prescribe. All of the
136 21 provisions of sections 423.32 and 423.33 with reference to the
136 22 returns and payments shall be applicable to the returns and
136 23 payments required by this section.

136 24 Sec. 128. NEW SECTION. 423.35 POSTING OF BOND TO SECURE
136 25 PAYMENT.

136 26 The director may, when necessary and advisable in order to
136 27 secure the collection of the sales or use tax, authorize any
136 28 person subject to either tax, and any retailer required or
136 29 authorized to collect those taxes pursuant to the provisions
136 30 of section 423.14, to file with the department a bond, issued

136 31 by a surety company authorized to transact business in this
136 32 state and approved by the insurance commissioner as to
136 33 solvency and responsibility, in an amount as the director may
136 34 fix, to secure the payment of any tax, interest, or penalties
136 35 due or which may become due from such person. In lieu of a
137 1 bond, securities approved by the director, in an amount which
137 2 the director may prescribe, may be deposited with the
137 3 department, which securities shall be kept in the custody of
137 4 the department and may be sold by the director at public or
137 5 private sale, without notice to the depositor, if it becomes
137 6 necessary to do so in order to recover any tax, interest, or
137 7 penalties due. Upon the sale, the surplus, if any, above the
137 8 amounts due under this chapter shall be returned to the person
137 9 who deposited the securities.

137 10 Sec. 129. NEW SECTION. 423.36 PERMITS REQUIRED TO
137 11 COLLECT SALES OR USE TAX == APPLICATIONS == REVOCATION.

137 12 1. A person shall not engage in or transact business as a
137 13 retailer making taxable sales of tangible personal property or
137 14 furnishing services within this state or as a retailer making
137 15 taxable sales of tangible personal property or furnishing
137 16 services for use within this state, unless a permit has been
137 17 issued to the retailer under this section, except as provided
137 18 in subsection 6. Every person desiring to engage in or
137 19 transact business as a retailer shall file with the department
137 20 an application for a permit to collect sales or use tax.
137 21 Every application for a sales or use tax permit shall be made
137 22 upon a form prescribed by the director and shall set forth any
137 23 information the director may require. The application shall
137 24 be signed by an owner of the business if a natural person; in
137 25 the case of a retailer which is an association or partnership,
137 26 by a member or partner; and in the case of a retailer which is
137 27 a corporation, by an executive officer or some person
137 28 specifically authorized by the corporation to sign the
137 29 application, to which shall be attached the written evidence
137 30 of the person's authority.

137 31 2. To collect sales or use tax, the applicant must have a
137 32 permit for each place of business in the state of Iowa. The
137 33 department may deny a permit to an applicant who is
137 34 substantially delinquent in paying a tax due, or the interest
137 35 or penalty on the tax, administered by the department at the
138 1 time of application. If the applicant is a partnership, a
138 2 permit may be denied if a partner is substantially delinquent
138 3 in paying any delinquent tax, penalty, or interest. If the
138 4 applicant is a corporation, a permit may be denied if any
138 5 officer having a substantial legal or equitable interest in
138 6 the ownership of the corporation owes any delinquent tax,
138 7 penalty, or interest.

138 8 3. The department shall grant and issue to each applicant
138 9 a permit for each place of business in this state where sales
138 10 or use tax is collected. A permit is not assignable and is
138 11 valid only for the person in whose name it is issued and for
138 12 the transaction of business at the place designated or at a
138 13 place of relocation within the state if the ownership remains
138 14 the same.

138 15 If an applicant is making sales outside Iowa for use in
138 16 this state or furnishing services outside Iowa, the product or
138 17 result of which will be used in this state, that applicant
138 18 shall be issued one use tax permit by the department
138 19 applicable to these out-of-state sales or services.

138 20 4. Permits issued under this section are valid and
138 21 effective until revoked by the department.

138 22 5. If the holder of a permit fails to comply with any of
138 23 the provisions of this subchapter or of subchapter II or III
138 24 or any order or rule of the department adopted under those
138 25 subchapters or is substantially delinquent in the payment of a
138 26 tax administered by the department or the interest or penalty
138 27 on the tax, or if the person is a corporation and if any
138 28 officer having a substantial legal or equitable interest in
138 29 the ownership of the corporation owes any delinquent tax of
138 30 the permit-holding corporation, or interest or penalty on the
138 31 tax, administered by the department, the director may revoke
138 32 the permit. The director shall send notice by mail to a
138 33 permit holder informing that person of the director's intent
138 34 to revoke the permit and of the permit holder's right to a
138 35 hearing on the matter. If the permit holder petitions the
139 1 director for a hearing on the proposed revocation, after
139 2 giving ten days' notice of the time and place of the hearing
139 3 in accordance with section 17A.18, subsection 3, the matter
139 4 may be heard and a decision rendered. The director may
139 5 restore permits after revocation. The director shall adopt
139 6 rules setting forth the period of time a retailer must wait

139 7 before a permit may be restored or a new permit may be issued.
139 8 The waiting period shall not exceed ninety days from the date
139 9 of the revocation of the permit.

139 10 6. Sellers who are not regularly engaged in selling at
139 11 retail and do not have a permanent place of business, but who
139 12 are temporarily engaged in selling from trucks, portable
139 13 roadside stands, concessionaires at state, county, district,
139 14 or local fairs, carnivals, or the like, shall report and remit
139 15 the sales tax on a temporary basis, under rules the director
139 16 shall provide for the efficient collection of the sales tax.
139 17 This subsection applies to sellers who are temporarily engaged
139 18 in furnishing services.

139 19 Persons engaged in selling tangible personal property or
139 20 furnishing services shall not be required to obtain or retain
139 21 a sales tax permit for a place of business at which taxable
139 22 sales of tangible personal property or taxable performance of
139 23 services will not occur.

139 24 7. The provisions of subsection 1, dealing with the lawful
139 25 right of a retailer to transact business, as applicable, apply
139 26 to persons having receipts from furnishing services enumerated
139 27 in section 423.2, except that a person holding a permit
139 28 pursuant to subsection 1 shall not be required to obtain any
139 29 separate sales tax permit for the purpose of engaging in
139 30 business involving the services.

139 31 8. a. Except as provided in paragraph "b", purchasers,
139 32 users, and consumers of tangible personal property or
139 33 enumerated services taxed pursuant to subchapter II or III of
139 34 this chapter or chapters 423B and 423E may be authorized,
139 35 pursuant to rules adopted by the director, to remit tax owed
140 1 directly to the department instead of the tax being collected
140 2 and paid by the seller. To qualify for a direct pay tax
140 3 permit, the purchaser, user, or consumer must accrue a tax
140 4 liability of more than four thousand dollars in tax under
140 5 subchapters II and III in a semimonthly period and make
140 6 deposits and file returns pursuant to section 423.31. This
140 7 authority shall not be granted or exercised except upon
140 8 application to the director and then only after issuance by
140 9 the director of a direct pay tax permit.

140 10 b. The granting of a direct pay tax permit is not
140 11 authorized for any of the following:

140 12 (1) Taxes imposed on the sales, furnishing, or service of
140 13 gas, electricity, water, heat, pay television service, and
140 14 communication service.

140 15 (2) Taxes imposed under sections 423.26 and 423.27 and
140 16 chapter 423C.

140 17 Sec. 130. NEW SECTION. 423.37 FAILURE TO FILE SALES OR
140 18 USE TAX RETURNS == INCORRECT RETURNS.

140 19 1. As soon as practicable after a return is filed and in
140 20 any event within three years after the return is filed, the
140 21 department shall examine it, assess and determine the tax due
140 22 if the return is found to be incorrect, and give notice to the
140 23 person liable for the tax of the assessment and determination
140 24 as provided in subsection 2. The period for the examination
140 25 and determination of the correct amount of tax is unlimited in
140 26 the case of a false or fraudulent return made with the intent
140 27 to evade tax or in the case of a failure to file a return.

140 28 2. If a return required by this subchapter is not filed,
140 29 or if a return when filed is incorrect or insufficient and the
140 30 maker fails to file a corrected or sufficient return within
140 31 twenty days after the same is required by notice from the
140 32 department, the department shall determine the amount of tax
140 33 due from information as the department may be able to obtain
140 34 and, if necessary, may estimate the tax on the basis of
140 35 external indices, such as number of employees of the person
141 1 concerned, rentals paid by the person, stock on hand, or other
141 2 factors. The department shall give notice of the
141 3 determination to the person liable for the tax. The
141 4 determination shall fix the tax unless the person against whom
141 5 it is assessed shall, within sixty days after the giving of
141 6 notice of the determination, apply to the director for a
141 7 hearing or unless the taxpayer contests the determination by
141 8 paying the tax, interest, and penalty and timely filing a
141 9 claim for refund. At the hearing evidence may be offered to
141 10 support the determination or to prove that it is incorrect.
141 11 After the hearing the director shall give notice of the
141 12 decision to the person liable for the tax.

141 13 3. The three-year period of limitation provided in
141 14 subsection 1 may be extended by a taxpayer by signing a waiver
141 15 agreement form to be provided by the department. The
141 16 agreement shall stipulate the period of extension and the tax
141 17 period to which the extension applies. The agreement shall

141 18 also provide that a claim for refund may be filed by the
141 19 taxpayer at any time during the period of extension.

141 20 Sec. 131. NEW SECTION. 423.38 JUDICIAL REVIEW.

141 21 1. Judicial review of actions of the director may be
141 22 sought in accordance with the terms of the Iowa administrative
141 23 procedure Act.

141 24 2. For cause and upon a showing by the director that
141 25 collection of the tax in dispute is in doubt, the court may
141 26 order the petitioner to file with the clerk a bond for the use
141 27 of the respondent, with sureties approved by the clerk, in the
141 28 amount of tax appealed from, conditioned that the petitioner
141 29 shall perform the orders of the court.

141 30 3. An appeal may be taken by the taxpayer or the director
141 31 to the supreme court of this state irrespective of the amount
141 32 involved.

141 33 Sec. 132. NEW SECTION. 423.39 SERVICE OF NOTICES.

141 34 1. A notice authorized or required under this subchapter
141 35 may be given by mailing the notice to the person for whom it
142 1 is intended, addressed to that person at the address given in
142 2 the last return filed by the person pursuant to this
142 3 subchapter, or if no return has been filed, then to any
142 4 address obtainable. The mailing of the notice is presumptive
142 5 evidence of the receipt of the notice by the person to whom
142 6 addressed. Any period of time which is determined according
142 7 to this subchapter by the giving of notice commences to run
142 8 from the date of mailing of the notice.

142 9 2. The provisions of the Code relative to the limitation
142 10 of time for the enforcement of a civil remedy shall not apply
142 11 to any proceeding or action taken to levy, appraise, assess,
142 12 determine, or enforce the collection of any tax or penalty
142 13 provided by this chapter.

142 14 Sec. 133. NEW SECTION. 423.40 PENALTIES == OFFENSES ==
142 15 LIMITATION.

142 16 1. In addition to the sales or use tax or additional sales
142 17 or use tax, the taxpayer shall pay a penalty as provided in
142 18 section 421.27. The taxpayer shall also pay interest on the
142 19 sales or use tax or additional sales or use tax at the rate in
142 20 effect under section 421.7 for each month counting each
142 21 fraction of a month as an entire month, computed from the date
142 22 the semimonthly or monthly tax deposit form or return was
142 23 required to be filed. The penalty and interest shall be paid
142 24 to the department and disposed of in the same manner as other
142 25 receipts under this subchapter. Unpaid penalties and interest
142 26 may be enforced in the same manner as the taxes imposed by
142 27 this chapter.

142 28 2. a. Any person who knowingly sells tangible personal
142 29 property, tickets or admissions to places of amusement and
142 30 athletic events, or gas, water, electricity, or communication
142 31 service at retail, or engages in the furnishing of services
142 32 enumerated in section 423.2, in this state without procuring a
142 33 permit to collect tax, as provided in section 423.36, or who
142 34 violates section 423.24 and the officers of any corporation
142 35 who so act are guilty of a serious misdemeanor.

143 1 b. A person who knowingly sells tangible personal
143 2 property, tickets or admissions to places of amusement and
143 3 athletic events, or gas, water, electricity, or communication
143 4 service at retail, or engages in the furnishing of services
143 5 enumerated in section 423.2, in this state after the person's
143 6 sales tax permit has been revoked and before it has been
143 7 restored as provided in section 423.36, subsection 5, and the
143 8 officers of any corporation who so act are guilty of an
143 9 aggravated misdemeanor.

143 10 3. A person who willfully attempts in any manner to evade
143 11 any tax imposed by this chapter or the payment of the tax or a
143 12 person who makes or causes to be made a false or fraudulent
143 13 semimonthly or monthly tax deposit form or return with intent
143 14 to evade any tax imposed by subchapter II or III or the
143 15 payment of the tax is guilty of a class "D" felony.

143 16 4. The certificate of the director to the effect that a
143 17 tax has not been paid, that a return has not been filed, or
143 18 that information has not been supplied pursuant to the
143 19 provisions of this subchapter shall be prima facie evidence
143 20 thereof.

143 21 5. A person required to pay sales or use tax, or to make,
143 22 sign, or file a tax deposit form or return or supplemental
143 23 return, who willfully makes a false or fraudulent tax deposit
143 24 form or return, or willfully fails to pay at least ninety
143 25 percent of the tax or willfully fails to make, sign, or file
143 26 the tax deposit form or return, at the time required by law,
143 27 is guilty of a fraudulent practice.

143 28 6. A prosecution for an offense specified in this section

143 29 shall be commenced within six years after its commission.

143 30 Sec. 134. NEW SECTION. 423.41 BOOKS == EXAMINATION.

143 31 Every retailer required or authorized to collect taxes
143 32 imposed by this chapter and every person using in this state
143 33 tangible personal property, services, or the product of
143 34 services shall keep records, receipts, invoices, and other
143 35 pertinent papers as the director shall require, in the form
144 1 that the director shall require, for as long as the director
144 2 has the authority to examine and determine tax due. The
144 3 director or any duly authorized agent of the department may
144 4 examine the books, papers, records, and equipment of any
144 5 person either selling tangible personal property or services
144 6 or liable for the tax imposed by this chapter, and investigate
144 7 the character of the business of any person in order to verify
144 8 the accuracy of any return made, or if a return was not made
144 9 by the person, ascertain and determine the amount due under
144 10 this chapter. These books, papers, and records shall be made
144 11 available within this state for examination upon reasonable
144 12 notice when the director deems it advisable and so orders.
144 13 The preceding requirements shall likewise apply to users and
144 14 persons furnishing services enumerated in section 423.2.

144 15 Sec. 135. NEW SECTION. 423.42 STATUTES APPLICABLE.

144 16 1. The director shall administer the taxes imposed by
144 17 subchapters II and III in the same manner and subject to all
144 18 the provisions of, and all of the powers, duties, authority,
144 19 and restrictions contained in, section 422.25, subsection 4,
144 20 section 422.30, and sections 422.67 through 422.75.

144 21 2. All the provisions of section 422.26 shall apply in
144 22 respect to the taxes and penalties imposed by subchapters II
144 23 and III and this subchapter, except that, as applied to any
144 24 tax imposed by subchapters II and III, the lien provided in
144 25 section 422.26 shall be prior and paramount over all
144 26 subsequent liens upon any personal property within this state,
144 27 or right to such personal property, belonging to the taxpayer
144 28 without the necessity of recording as provided in section
144 29 422.26. The requirements for recording shall, as applied to
144 30 the taxes imposed by subchapters II and III, apply only to the
144 31 liens upon real property. When requested to do so by any
144 32 person from whom a taxpayer is seeking credit, or with whom
144 33 the taxpayer is negotiating the sale of any personal property,
144 34 or by any other person having a legitimate interest in such
144 35 information, the director shall, upon being satisfied that
145 1 such a situation exists, inform that person as to the amount
145 2 of unpaid taxes due by such taxpayer under the provisions of
145 3 subchapters II and III. The giving of this information under
145 4 these circumstances shall not be deemed a violation of section
145 5 422.72 as applied to subchapters II and III.

145 6 Sec. 136. NEW SECTION. 423.43 DEPOSIT OF REVENUE ==
145 7 APPROPRIATIONS.

145 8 Except as otherwise provided in section 312.2, subsection
145 9 14, all revenues derived from the use tax on motor vehicles,
145 10 trailers, and motor vehicle accessories and equipment as
145 11 collected pursuant to sections 423.26 and 423.27 shall be
145 12 deposited and credited to the road use tax fund and shall be
145 13 used exclusively for the construction, maintenance, and
145 14 supervision of public highways.

145 15 1. Notwithstanding any provision of this section which
145 16 provides that all revenues derived from the use tax on motor
145 17 vehicles, trailers, and motor vehicle accessories and
145 18 equipment as collected pursuant to sections 423.26 and 423.27
145 19 shall be deposited and credited to the road use tax fund,
145 20 eighty percent of the revenues shall be deposited and credited
145 21 as follows:

145 22 a. Twenty=five percent of all such revenue, up to a
145 23 maximum of four million two hundred fifty thousand dollars per
145 24 quarter, shall be deposited into and credited to the Iowa
145 25 comprehensive petroleum underground storage tank fund created
145 26 in section 455G.3, and the moneys so deposited are a
145 27 continuing appropriation for expenditure under chapter 455G,
145 28 and moneys so appropriated shall not be used for other
145 29 purposes.

145 30 b. Any such revenues remaining shall be credited to the
145 31 road use tax fund.

145 32 2. Notwithstanding any other provision of this section
145 33 that provides that all revenue derived from the use tax on
145 34 motor vehicles, trailers, and motor vehicle accessories and
145 35 equipment as collected pursuant to section 423.26 shall be
146 1 deposited and credited to the road use tax fund, twenty
146 2 percent of the revenues shall be credited and deposited as
146 3 follows: one=half to the road use tax fund and one=half to
146 4 the primary road fund to be used for the commercial and

146 5 industrial highway network.

146 6 3. All other revenue arising under the operation of this
146 7 chapter shall be credited to the general fund of the state.

146 8 Sec. 137. NEW SECTION. 423.44 REIMBURSEMENT FOR PRIMARY
146 9 ROAD FUND.

146 10 From moneys deposited into the road use tax fund, the
146 11 department may credit to the primary road fund any amount of
146 12 revenues derived from the use tax on motor vehicles, trailers,
146 13 and motor vehicle accessories and equipment as collected
146 14 pursuant to sections 423.26 and 423.27 to the extent necessary
146 15 to reimburse that fund for the expenditures not otherwise
146 16 eligible to be made from the primary road fund, which are made
146 17 for repairing, improving, and maintaining bridges over the
146 18 rivers bordering the state. Expenditures for those portions
146 19 of bridges within adjacent states may be included when they
146 20 are made pursuant to an agreement entered into under section
146 21 313.63, 313A.34, or 314.10.

146 22 Sec. 138. NEW SECTION. 423.45 REFUNDS == EXEMPTION
146 23 CERTIFICATES.

146 24 1. If an amount of tax represented by a retailer to a
146 25 consumer or user as constituting tax due is computed upon a
146 26 sales price that is not taxable or the amount represented is
146 27 in excess of the actual taxable amount and the amount
146 28 represented is actually paid by the consumer or user to the
146 29 retailer, the excess amount of tax paid shall be returned to
146 30 the consumer or user upon notification to the retailer by the
146 31 department that an excess payment exists.

146 32 2. If an amount of tax represented by a retailer to a
146 33 consumer or user as constituting tax due is computed upon a
146 34 sales price that is not taxable or the amount represented is
146 35 in excess of the actual taxable amount and the amount
147 1 represented is actually paid by the consumer or user to the
147 2 retailer, the excess amount of tax paid shall be returned to
147 3 the consumer or user upon proper notification to the retailer
147 4 by the consumer or user that an excess payment exists.
147 5 "Proper" notification is written notification which allows a
147 6 retailer at least sixty days to respond and which contains
147 7 enough information to allow a retailer to determine the
147 8 validity of a consumer's or user's claim that an excess amount
147 9 of tax has been paid. No cause of action shall accrue against
147 10 a retailer for excess tax paid until sixty days after proper
147 11 notice has been given the retailer by the consumer or user.

147 12 3. In the circumstances described in subsections 1 and 2,
147 13 a retailer has the option to either return any excess amount
147 14 of tax paid to a consumer or user, or to remit the amount
147 15 which a consumer or user has paid to the retailer to the
147 16 department.

147 17 4. a. The department shall issue or the seller may
147 18 separately provide exemption certificates in the form
147 19 prescribed by the director, including certificates not made of
147 20 paper, which conform to the requirements of paragraph "c", to
147 21 assist retailers in properly accounting for nontaxable sales
147 22 of tangible personal property or services to purchasers for a
147 23 nontaxable purpose. The department shall also allow the use
147 24 of exemption certificates for those circumstances in which a
147 25 sale is taxable but the seller is not obligated to collect tax
147 26 from the buyer.

147 27 b. The sales tax liability for all sales of tangible
147 28 personal property and all sales of services is upon the seller
147 29 and the purchaser unless the seller takes in good faith from
147 30 the purchaser a valid exemption certificate stating under
147 31 penalty of perjury that the purchase is for a nontaxable
147 32 purpose and is not a retail sale as defined in section 423.1,
147 33 or the seller is not obligated to collect tax due, or unless
147 34 the seller takes a fuel exemption certificate pursuant to
147 35 subsection 5. If the tangible personal property or services
148 1 are purchased tax free pursuant to a valid exemption
148 2 certificate which is taken in good faith by the seller, and
148 3 the tangible personal property or services are used or
148 4 disposed of by the purchaser in a nonexempt manner, the
148 5 purchaser is solely liable for the taxes and shall remit the
148 6 taxes directly to the department and sections 423.31, 423.32,
148 7 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply
148 8 to the purchaser.

148 9 c. A valid exemption certificate is an exemption
148 10 certificate which is complete and correct according to the
148 11 requirements of the director.

148 12 d. A valid exemption certificate is taken in good faith by
148 13 the seller when the seller has exercised that caution and
148 14 diligence which honest persons of ordinary prudence would
148 15 exercise in handling their own business affairs, and includes

148 16 an honesty of intention and freedom from knowledge of
148 17 circumstances which ought to put one upon inquiry as to the
148 18 facts. In order for a seller to take a valid exemption
148 19 certificate in good faith, the seller must exercise reasonable
148 20 prudence to determine the facts supporting the valid exemption
148 21 certificate, and if any facts upon such certificate would lead
148 22 a reasonable person to further inquiry, such inquiry must be
148 23 made with an honest intent to discover the facts.

148 24 e. If the circumstances change and as a result the
148 25 tangible personal property or services are used or disposed of
148 26 by the purchaser in a nonexempt manner or the purchaser
148 27 becomes obligated to pay the tax, the purchaser is liable
148 28 solely for the taxes and shall remit the taxes directly to the
148 29 department in accordance with this subsection.

148 30 5. a. The department shall issue or the seller may
148 31 separately provide fuel exemption certificates in the form
148 32 prescribed by the director.

148 33 b. For purposes of this subsection:

148 34 (1) "Fuel" includes gas, electricity, water, heat, steam,
148 35 and any other tangible personal property consumed in creating
149 1 heat, power, or steam.

149 2 (2) "Fuel consumed in processing" means fuel used or
149 3 consumed for processing including grain drying, for providing
149 4 heat or cooling for livestock buildings or for greenhouses or
149 5 buildings or parts of buildings dedicated to the production of
149 6 flowering, ornamental, or vegetable plants intended for sale
149 7 in the ordinary course of business, for use in aquaculture
149 8 production, or for generating electric current, or in
149 9 implements of husbandry engaged in agricultural production.

149 10 (3) "Fuel exemption certificate" means an exemption
149 11 certificate given by the purchaser under penalty of perjury to
149 12 assist retailers in properly accounting for nontaxable sales
149 13 of fuel consumed in processing.

149 14 (4) "Substantial change" means a change in the use or
149 15 disposition of tangible personal property and services by the
149 16 purchaser such that the purchaser pays less than ninety
149 17 percent of the purchaser's actual sales tax liability. A
149 18 change includes a misstatement of facts in an application made
149 19 pursuant to paragraph "d" or in a fuel exemption certificate.

149 20 c. The seller may accept a completed fuel exemption
149 21 certificate, as prepared by the purchaser, for three years
149 22 unless the purchaser files a new completed exemption
149 23 certificate. If the fuel is purchased tax free pursuant to a
149 24 fuel exemption certificate which is taken by the seller, and
149 25 the fuel is used or disposed of by the purchaser in a
149 26 nonexempt manner, the purchaser is solely liable for the
149 27 taxes, and shall remit the taxes directly to the department
149 28 and sections 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,
149 29 423.41, and 423.42 shall apply to the purchaser.

149 30 d. The purchaser may apply to the department for its
149 31 review of the fuel exemption certificate. In this event, the
149 32 department shall review the fuel exemption certificate within
149 33 twelve months from the date of application and determine the
149 34 correct amount of the exemption. If the amount determined by
149 35 the department is different than the amount that the purchaser
150 1 claims is exempt, the department shall promptly notify the
150 2 purchaser of the determination. Failure of the department to
150 3 make a determination within twelve months from the date of
150 4 application shall constitute a determination that the fuel
150 5 exemption certificate is correct as submitted. A
150 6 determination of exemption by the department is final unless
150 7 the purchaser appeals to the director for a revision of the
150 8 determination within sixty days after the date of the notice
150 9 of determination. The director shall grant a hearing, and
150 10 upon the hearing, the director shall determine the correct
150 11 exemption and notify the purchaser of the decision by mail.
150 12 The decision of the director is final unless the purchaser
150 13 seeks judicial review of the director's decision under section
150 14 423.38 within sixty days after the date of the notice of the
150 15 director's decision. Unless there is a substantial change,
150 16 the department shall not impose penalties pursuant to section
150 17 423.40 both retroactively to purchases made after the date of
150 18 application and prospectively until the department gives
150 19 notice to the purchaser that a tax or additional tax is due,
150 20 for failure to remit any tax due which is in excess of a
150 21 determination made under this section. A determination made
150 22 by the department pursuant to this subsection does not
150 23 constitute an audit for purposes of section 423.37.

150 24 e. If the circumstances change and the fuel is used or
150 25 disposed of by the purchaser in a nonexempt manner, the
150 26 purchaser is solely liable for the taxes and shall remit the

150 27 taxes directly to the department in accordance with paragraph
150 28 "c".

150 29 f. The purchaser shall attach documentation to the fuel
150 30 exemption certificate which is reasonably necessary to support
150 31 the exemption for fuel consumed in processing. If the
150 32 purchaser files a new exemption certificate with the seller,
150 33 documentation shall not be required if the purchaser
150 34 previously furnished the seller with this documentation and
150 35 substantial change has not occurred since that documentation
151 1 was furnished or if fuel consumed in processing is separately
151 2 metered and billed by the seller.

151 3 6. Nothing in this section authorizes any cause of action
151 4 by any person to recover sales or use taxes directly from the
151 5 state or extends any person's time to seek a refund of sales
151 6 or use taxes which have been collected and remitted to the
151 7 state.

151 8 Sec. 139. NEW SECTION. 423.46 RATE AND BASE CHANGES.

151 9 The department shall make a reasonable effort to provide
151 10 sellers with as much advance notice as practicable of a rate
151 11 change and to notify sellers of legislative changes in the tax
151 12 base and amendments to sales and use tax rules. Failure of a
151 13 seller to receive notice or failure of this state to provide
151 14 notice or limit the effective date of a rate change shall not
151 15 relieve the seller of its obligation to collect sales or use
151 16 taxes for this state.

151 17 Sec. 140. NEW SECTION. 423.47 REFUNDS AND CREDITS.

151 18 If it shall appear that, as a result of mistake, an amount
151 19 of tax, penalty, or interest has been paid which was not due
151 20 under the provisions of this chapter, such amount shall be
151 21 credited against any tax due, or to become due, on the books
151 22 of the department from the person who made the erroneous
151 23 payment, or such amount shall be refunded to such person by
151 24 the department. A claim for refund or credit that has not
151 25 been filed with the department within three years after the
151 26 tax payment for which a refund or credit is claimed became
151 27 due, or one year after such tax payment was made, whichever
151 28 time is the later, shall not be allowed by the director.

151 29 SUBCHAPTER VI

151 30 SALES AND USE TAX ACT == ADMINISTRATION OF 151 31 RETAILERS REGISTERED VOLUNTARILY UNDER THE 151 32 AGREEMENT

151 33 Sec. 141. NEW SECTION. 423.48 RESPONSIBILITIES AND
151 34 RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

151 35 1. By registering under the agreement, the seller agrees
152 1 to collect and remit sales and use taxes for all its taxable
152 2 Iowa sales. Iowa's withdrawal from the agreement or
152 3 revocation of its membership in the agreement shall not
152 4 relieve a seller from its responsibility to remit taxes
152 5 previously collected on behalf of this state.

152 6 2. The following provisions apply to any seller who
152 7 registers under the agreement:

152 8 a. The seller may register on-line.

152 9 b. Registration under the agreement and the collection of
152 10 Iowa sales and use taxes shall not be used as factors in
152 11 determining whether the seller has nexus with Iowa for any
152 12 tax.

152 13 c. If registered under the agreement with any other member
152 14 state, the seller is considered to be registered in Iowa.

152 15 d. The seller is not required to pay registration fees or
152 16 other charges.

152 17 e. A written signature from the seller is not required.

152 18 f. The seller may register by way of an agent. The
152 19 agent's appointment shall be in writing and submitted to the
152 20 department if requested by the department.

152 21 g. The seller may cancel its registration at any time
152 22 under procedures adopted by the governing board established
152 23 pursuant to the agreement. Cancellation does not relieve the
152 24 seller of its liability for remitting any Iowa taxes
152 25 collected.

152 26 3. The following additional responsibilities and rights
152 27 apply to model sellers:

152 28 a. A model 1 seller's obligation to calculate, collect,
152 29 and remit sales and use taxes shall be performed by its
152 30 certified service provider, except for the seller's obligation
152 31 to remit tax on its own purchases. As the seller's agent, the
152 32 certified service provider is liable for its model 1 seller's
152 33 sales and use tax due Iowa on all sales transactions it
152 34 processes for the seller except as set out in this section. A
152 35 seller that contracts with a certified service provider is not
153 1 liable to the state for sales or use tax due on transactions
153 2 processed by the certified service provider unless the seller

153 3 misrepresents the types of items or services it sells or
153 4 commits fraud. In the absence of probable cause to believe
153 5 that the seller has committed fraud or made a material
153 6 misrepresentation, the seller is not subject to audit on the
153 7 transactions processed by the certified service provider. A
153 8 model 1 seller is subject to audit for transactions not
153 9 processed by the certified service provider. The director is
153 10 authorized to perform a system check of the model 1 seller and
153 11 review the seller's procedures to determine if the certified
153 12 service provider's system is functioning properly and the
153 13 extent to which the seller's transactions are being processed
153 14 by the certified service provider.

153 15 b. A model 2 seller shall calculate the amount of tax due
153 16 on a transaction by the use of a certified automated system,
153 17 but shall collect and remit tax on its own sales. A person
153 18 that provides a certified automated system is responsible for
153 19 the proper functioning of that system and is liable to this
153 20 state for underpayments of tax attributable to errors in the
153 21 functioning of the certified automated system. A seller that
153 22 uses a certified automated system remains responsible and is
153 23 liable to the state for reporting and remitting tax.

153 24 c. A model 3 seller shall use its own proprietary
153 25 automated system to calculate tax due and collect and remit
153 26 tax on its own sales. A model 3 seller is liable for the
153 27 failure of its proprietary automated system to meet the
153 28 applicable performance standard.

153 29 Sec. 142. NEW SECTION. 423.49 RETURNS.

153 30 1. All model 1, 2, or 3 sellers are subject to all of the
153 31 following return requirements:

153 32 a. The seller is required to file only one return per
153 33 month for this state and for all taxing jurisdictions within
153 34 this state.

153 35 b. The date for filing returns shall be determined under
154 1 rules adopted by the director. However, in no case shall the
154 2 return be due earlier than the twentieth day of the following
154 3 month.

154 4 c. The director shall request additional information
154 5 returns. These returns shall not be required more frequently
154 6 than every six months.

154 7 2. Any registered seller which does not have a legal
154 8 obligation to register in this state and is not a model 1, 2,
154 9 or 3 seller is subject to all of the following return
154 10 requirements:

154 11 a. The seller is required to file a return within one year
154 12 of the month of initial registration and shall file a return
154 13 on an annual basis in succeeding years.

154 14 b. In addition to the return required in paragraph "a", if
154 15 the seller accumulates more than one thousand dollars in total
154 16 state and local tax, the seller is required to file a return
154 17 in the following month.

154 18 c. The format of the return and the due date of the
154 19 initial return and the annual return shall be determined under
154 20 rules adopted by the department.

154 21 Sec. 143. NEW SECTION. 423.50 REMITTANCE OF FUNDS.

154 22 1. Only one remittance of tax per return is required
154 23 except as provided in this subsection. Sellers that collect
154 24 more than thirty thousand dollars in sales and use taxes for
154 25 this state during the preceding calendar year shall be
154 26 required to make additional remittances as required under
154 27 rules adopted by the director. The filing of a return is not
154 28 required with an additional remittance.

154 29 2. All remittances shall be remitted electronically.

154 30 3. Electronic payments may be made either by automated
154 31 clearinghouse credit or automated clearinghouse debit. Any
154 32 data accompanying a remittance must be formatted using uniform
154 33 tax type and payment codes approved by the governing board
154 34 established pursuant to the agreement. An alternative method
154 35 for making same-day payments shall be determined under rules
155 1 adopted by the director.

155 2 4. If a due date falls on a legal banking holiday in this
155 3 state, the taxes are due on the succeeding business day.

155 4 Sec. 144. NEW SECTION. 423.51 ADMINISTRATION OF
155 5 EXEMPTIONS.

155 6 1. The following provisions shall apply when a purchaser
155 7 claims an exemption:

155 8 a. The seller shall obtain identifying information of the
155 9 purchaser and the reason for claiming a tax exemption at the
155 10 time of the purchase as determined by the member states acting
155 11 jointly.

155 12 b. A purchaser is not required to provide a signature to
155 13 claim an exemption from tax unless a paper certificate is

155 14 used.
155 15 c. The seller shall use the standard form for claiming an
155 16 exemption electronically as adopted jointly by the member
155 17 states.
155 18 d. The seller shall obtain the same information for proof
155 19 of a claimed exemption regardless of the medium in which the
155 20 transaction occurred.

155 21 e. The department may authorize a system wherein the
155 22 purchaser exempt from the payment of the tax is issued an
155 23 identification number which shall be presented to the seller
155 24 at the time of the sale.

155 25 f. The seller shall maintain proper records of exempt
155 26 transactions and provide them to the department when
155 27 requested.

155 28 g. The department shall administer entity-based and use=
155 29 based exemptions when practicable through a direct pay tax
155 30 permit, an exemption certificate, or another means that does
155 31 not burden sellers. For the purposes of this paragraph:

155 32 (1) An "entity-based exemption" is an exemption based on
155 33 who purchases the product or who sells the product.

155 34 (2) A "use-based exemption" is an exemption based on the
155 35 purchaser's use of the product.

156 1 2. Sellers that follow the requirements of this section
156 2 are relieved from any tax otherwise applicable if it is
156 3 determined that the purchaser improperly claimed an exemption
156 4 and that the purchaser is liable for the nonpayment of tax.
156 5 This relief from liability does not apply to a seller who
156 6 fraudulently fails to collect the tax or solicits purchasers
156 7 to participate in the unlawful claim of an exemption.

156 8 Sec. 145. NEW SECTION. 423.52 RELIEF FROM LIABILITY FOR
156 9 SELLERS AND CERTIFIED SERVICE PROVIDERS.

156 10 Sellers and certified service providers are relieved from
156 11 liability to this state or its local taxing jurisdictions for
156 12 having charged and collected the incorrect amount of sales or
156 13 use tax resulting from the seller or certified service
156 14 provider relying on erroneous data provided by this state on
156 15 tax rates, boundaries, or taxing jurisdiction assignments. If
156 16 this state provides an address-based system for assigning
156 17 taxing jurisdictions whether or not pursuant to the federal
156 18 Mobile Telecommunications Sourcing Act, the director is not
156 19 required to provide liability relief for errors resulting from
156 20 reliance on the information provided by this state.

156 21 Sec. 146. NEW SECTION. 423.53 BAD DEBTS AND MODEL 1
156 22 SELLERS.

156 23 A certified service provider may claim, on behalf of a
156 24 model 1 seller, any bad debt deduction as provided in section
156 25 423.21. The certified service provider must credit or refund
156 26 the full amount of any bad debt deduction or refund received
156 27 to the seller.

156 28 Sec. 147. NEW SECTION. 423.54 AMNESTY FOR REGISTERED
156 29 SELLERS.

156 30 1. Subject to the limitations in subsections 2 through 6,
156 31 the following provisions apply:

156 32 a. Amnesty is provided for uncollected or unpaid sales or
156 33 use tax to a seller who registers to pay or to collect and
156 34 remit applicable sales or use tax on sales made to purchasers
156 35 in this state in accordance with the terms of the agreement,
157 1 provided the seller was not so registered in this state in the
157 2 twelve-month period preceding the commencement of Iowa's
157 3 participation in the agreement.

157 4 b. Amnesty precludes assessment of the seller for
157 5 uncollected or unpaid sales or use tax together with penalty
157 6 or interest for sales made during the period the seller was
157 7 not registered in this state, provided registration occurs
157 8 within twelve months of the commencement of Iowa's
157 9 participation in the agreement.

157 10 c. Amnesty shall be provided to any seller lawfully
157 11 registered under the agreement by any other member state prior
157 12 to the date of the commencement of Iowa's participation in the
157 13 agreement.

157 14 2. Amnesty is not available to a seller with respect to
157 15 any matter or matters for which the seller received notice of
157 16 the commencement of an audit and which audit is not yet
157 17 finally resolved, including any related administrative and
157 18 judicial processes.

157 19 3. Amnesty is not available for sales or use taxes already
157 20 paid or remitted or to taxes collected by the seller.

157 21 4. Amnesty is fully effective absent the seller's fraud or
157 22 intentional misrepresentation of a material fact as long as
157 23 the seller continues registration and continues payment or
157 24 collection and remittance of applicable sales or use taxes for

157 25 a period of at least thirty=six months. The statute of
157 26 limitations applicable to asserting a tax liability is tolled
157 27 during this thirty=six month period.

157 28 5. Amnesty is applicable only to sales or use taxes due
157 29 from a seller in its capacity as a seller and not to sales or
157 30 use taxes due from a seller in its capacity as a buyer.

157 31 6. The director may allow amnesty on terms and conditions
157 32 more favorable to a seller than the terms required by this
157 33 section.

157 34 Sec. 148. NEW SECTION. 423.55 DATABASES.

157 35 The department shall provide and maintain databases
158 1 required by the agreement for the benefit of sellers
158 2 registered under the agreement.

158 3 Sec. 149. NEW SECTION. 423.56 CONFIDENTIALITY AND
158 4 PRIVACY PROTECTIONS UNDER MODEL 1.

158 5 1. As used in this section:

158 6 a. "Anonymous data" means information that does not
158 7 identify a person.

158 8 b. "Confidential taxpayer information" means all
158 9 information that is protected under this state's laws, rules,
158 10 and privileges.

158 11 c. "Personally identifiable information" means information
158 12 that identifies a person.

158 13 2. With very limited exceptions, a certified service
158 14 provider shall perform its tax calculation, remittance, and
158 15 reporting functions without retaining the personally
158 16 identifiable information of consumers.

158 17 3. A certified service provider may perform its services
158 18 in this state only if the certified service provider certifies
158 19 that:

158 20 a. Its system has been designed and tested to ensure that
158 21 the fundamental precept of anonymity is respected.

158 22 b. Personally identifiable information is only used and
158 23 retained to the extent necessary for the administration of
158 24 model 1 sellers with respect to exempt purchasers.

158 25 c. It provides consumers clear and conspicuous notice of
158 26 its information practices, including what information it
158 27 collects, how it collects the information, how it uses the
158 28 information, how long, if at all, it retains the information,
158 29 and whether it discloses the information to member states.
158 30 This notice shall be satisfied by a written privacy policy
158 31 statement accessible by the public on the official web site of
158 32 the certified service provider.

158 33 d. Its collection, use, and retention of personally
158 34 identifiable information is limited to that required by the
158 35 member states to ensure the validity of exemptions from
159 1 taxation that are claimed by reason of a consumer's status or
159 2 the intended use of the goods or services purchased.

159 3 e. It provides adequate technical, physical, and
159 4 administrative safeguards so as to protect personally
159 5 identifiable information from unauthorized access and
159 6 disclosure.

159 7 4. The department shall provide public notification of its
159 8 practices relating to the collection, use, and retention of
159 9 personally identifiable information.

159 10 5. When any personally identifiable information that has
159 11 been collected and retained by the department or certified
159 12 service provider is no longer required for the purposes set
159 13 forth in subsection 3, paragraph "d", that information shall
159 14 no longer be retained by the department or certified service
159 15 provider.

159 16 6. When personally identifiable information regarding an
159 17 individual is retained by or on behalf of this state, this
159 18 state shall provide reasonable access by such individual to
159 19 his or her own information in the state's possession and a
159 20 right to correct any inaccurately recorded information.

159 21 7. This privacy policy is subject to enforcement by the
159 22 department and the attorney general.

159 23 8. This state's laws and rules regarding the collection,
159 24 use, and maintenance of confidential taxpayer information
159 25 remain fully applicable and binding. Without limitation, the
159 26 agreement does not enlarge or limit the state's or
159 27 department's authority to:

159 28 a. Conduct audits or other review as provided under the
159 29 agreement and state law.

159 30 b. Provide records pursuant to its examination of public
159 31 records law, disclosure laws of individual governmental
159 32 agencies, or other regulations.

159 33 c. Prevent, consistent with state law, disclosures of
159 34 confidential taxpayer information.

159 35 d. Prevent, consistent with federal law, disclosures or

160 1 misuse of federal return information obtained under a
160 2 disclosure agreement with the internal revenue service.
160 3 e. Collect, disclose, disseminate, or otherwise use
160 4 anonymous data for governmental purposes.
160 5 9. This privacy policy does not preclude the certification
160 6 of a certified service provider whose privacy policy is more
160 7 protective of confidential taxpayer information or personally
160 8 identifiable information than is required by the agreement.
160 9 Sec. 150. NEW SECTION. 423.57 STATUTES APPLICABLE.
160 10 The director shall administer this subchapter as it relates
160 11 to the taxes imposed in this chapter in the same manner and
160 12 subject to all the provisions of, and all of the powers,
160 13 duties, authority, and restrictions contained in sections
160 14 423.14, 423.15, 423.16, 423.17, 423.18, 423.19, 423.20,
160 15 423.21, 423.22, 423.23, 423.24, 423.25, 423.28, 423.29,
160 16 423.31, 423.32, 423.33, 423.34, 423.35, 423.37, 423.38,
160 17 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection
160 18 3, and sections 423.45, 423.46, and 423.47.
160 19 Sec. 151.
160 20 1. Sections 422.42 through 422.59, Code 2003, are
160 21 repealed.
160 22 2. Chapter 423, Code 2003, is repealed.
160 23 COORDINATING AMENDMENTS
160 24 Sec. 152. Section 15.331A, Code 2003, is amended to read
160 25 as follows:
160 26 15.331A SALES, SERVICES, AND USE TAX REFUND == CONTRACTOR
160 27 OR SUBCONTRACTOR.
160 28 The eligible business or a supporting business shall be
160 29 entitled to a refund of the sales and use taxes paid under
160 30 ~~chapters 422 and chapter~~ 423 for gas, electricity, water, or
160 31 sewer utility services, goods, wares, or merchandise, or on
160 32 services rendered, furnished, or performed to or for a
160 33 contractor or subcontractor and used in the fulfillment of a
160 34 written contract relating to the construction or equipping of
160 35 a facility within the economic development area of the
161 1 eligible business or a supporting business. Taxes
161 2 attributable to intangible property and furniture and
161 3 furnishings shall not be refunded.
161 4 To receive the refund a claim shall be filed by the
161 5 eligible business or a supporting business with the department
161 6 of revenue and finance as follows:
161 7 1. The contractor or subcontractor shall state under oath,
161 8 on forms provided by the department, the amount of the sales
161 9 of goods, wares, or merchandise or services rendered,
161 10 furnished, or performed including water, sewer, gas, and
161 11 electric utility services for use in the economic development
161 12 area upon which sales or use tax has been paid prior to the
161 13 project completion, and shall file the forms with the eligible
161 14 business or supporting business before final settlement is
161 15 made.
161 16 2. The eligible business or a supporting business shall,
161 17 not more than one year after project completion, make
161 18 application to the department for any refund of the amount of
161 19 the sales and use taxes paid pursuant to chapter ~~422 or~~ 423
161 20 upon any goods, wares, or merchandise, or services rendered,
161 21 furnished, or performed, including water, sewer, gas, and
161 22 electric utility services. The application shall be made in
161 23 the manner and upon forms to be provided by the department,
161 24 and the department shall audit the claim and, if approved,
161 25 issue a warrant to the eligible business or supporting
161 26 business in the amount of the sales or use tax which has been
161 27 paid to the state of Iowa under a contract. A claim filed by
161 28 the eligible business or a supporting business in accordance
161 29 with this section shall not be denied by reason of a
161 30 limitation provision set forth in chapter ~~421, 422,~~ or 423.
161 31 3. A contractor or subcontractor who willfully makes a
161 32 false report of tax paid under the provisions of this section
161 33 is guilty of a simple misdemeanor and in addition is liable
161 34 for the payment of the tax and any applicable penalty and
161 35 interest.
162 1 Sec. 153. Section 15.334A, Code 2003, is amended to read
162 2 as follows:
162 3 15.334A SALES AND USE TAX EXEMPTION.
162 4 An eligible business may claim an exemption from sales and
162 5 use taxation under section ~~422.45~~ 423.3, subsection ~~27~~ 46, for
162 6 property which is exempt from taxation under section 15.334,
162 7 notwithstanding the requirements of section ~~422.45~~ 423.3,
162 8 subsection ~~27~~ 46, or any other provision of the Code to the
162 9 contrary.
162 10 Sec. 154. Section 15A.9, subsections 5, 6, and 7, Code
162 11 2003, are amended to read as follows:

162 12 5. PROPERTY TAX EXEMPTION.

162 13 a. All property, as defined in section 427A.1, subsection
162 14 1, paragraphs "e" and "j", Code 1993, used by the primary
162 15 business or a supporting business and located within the zone,
162 16 shall be exempt from property taxation for a period of twenty
162 17 years beginning with the year it is first assessed for
162 18 taxation. In order to be eligible for this exemption, the
162 19 property shall be acquired or leased by the primary business
162 20 or a supporting business or relocated by the primary business
162 21 or a supporting business to the zone from outside the state
162 22 prior to project completion.

162 23 b. Property which is exempt for property tax purposes
162 24 under this subsection is eligible for the sales and use tax
162 25 exemption under section ~~422.45~~ 423.3, subsection ~~27~~ 46,
162 26 notwithstanding that subsection or any other provision of the
162 27 Code to the contrary.

162 28 6. SALES, SERVICES, AND USE TAX REFUND. Taxes paid
162 29 pursuant to chapter ~~422~~ or 423 on the ~~gross receipts~~ sales
162 30 price or rental price of property purchased or rented by the
162 31 primary business or a supporting business for use by the
162 32 primary business or a supporting business within the zone or
162 33 on gas, electricity, water, and sewer utility services prior
162 34 to project completion shall be refunded to the primary
162 35 business or supporting business if the item was purchased or
163 1 the service was performed or received prior to project
163 2 completion. Claims under this section shall be submitted on
163 3 forms provided by the department of revenue and finance not
163 4 later than six months after project completion. The refund in
163 5 this subsection shall not apply to furniture or furnishings,
163 6 or intangible property.

163 7 7. SALES, SERVICES, AND USE TAX REFUND == CONTRACTOR OR
163 8 SUBCONTRACTOR. The primary business or a supporting business
163 9 shall be entitled to a refund of the sales and use taxes paid
163 10 under ~~chapters 422 and~~ chapter 423 for gas, electricity,
163 11 water, or sewer utility services, goods, wares, or
163 12 merchandise, or on services rendered, furnished, or performed
163 13 to or for a contractor or subcontractor and used in the
163 14 fulfillment of a written contract relating to the construction
163 15 or equipping of a facility within the zone of the primary
163 16 business or a supporting business. Taxes attributable to
163 17 intangible property and furniture and furnishings shall not be
163 18 refunded.

163 19 To receive the refund a claim shall be filed by the primary
163 20 business or a supporting business with the department of
163 21 revenue and finance as follows:

163 22 a. The contractor or subcontractor shall state under oath,
163 23 on forms provided by the department, the amount of the sales
163 24 of goods, wares, or merchandise or services rendered,
163 25 furnished, or performed including water, sewer, gas, and
163 26 electric utility services for use in the zone upon which sales
163 27 or use tax has been paid prior to the project completion, and
163 28 shall file the forms with the primary business or supporting
163 29 business before final settlement is made.

163 30 b. The primary business or a supporting business shall,
163 31 not more than six months after project completion, make
163 32 application to the department for any refund of the amount of
163 33 the sales and use taxes paid pursuant to chapter ~~422~~ or 423
163 34 upon any goods, wares, or merchandise, or services rendered,
163 35 furnished, or performed, including water, sewer, gas, and
164 1 electric utility services. The application shall be made in
164 2 the manner and upon forms to be provided by the department,
164 3 and the department shall audit the claim and, if approved,
164 4 issue a warrant to the primary business or supporting business
164 5 in the amount of the sales or use tax which has been paid to
164 6 the state of Iowa under a contract. A claim filed by the
164 7 primary business or a supporting business in accordance with
164 8 this subsection shall not be denied by reason of a limitation
164 9 provision set forth in chapter 421, 422, or 423.

164 10 c. A contractor or subcontractor who willfully makes a
164 11 false report of tax paid under the provisions of this
164 12 subsection is guilty of a simple misdemeanor and in addition
164 13 is liable for the payment of the tax and any applicable
164 14 penalty and interest.

164 15 Sec. 155. Section 28A.17, unnumbered paragraph 1, Code
164 16 2003, is amended to read as follows:

164 17 If an authority is established as provided in section 28A.6
164 18 and after approval of a referendum by a simple majority of
164 19 votes cast in each metropolitan area in favor of the sales and
164 20 services tax, the governing board of a county in this state
164 21 within a metropolitan area which is part of the authority
164 22 shall impose, at the request of the authority, a local sales

164 23 and services tax at the rate of one-fourth of one percent on
164 24 ~~gross receipts~~ the sales price taxed by this state under
164 25 ~~chapter 422, division IV section 423.2~~, within the
164 26 metropolitan area located in this state. The referendum shall
164 27 be called by resolution of the board and shall be held as
164 28 provided in section 28A.6 to the extent applicable. The
164 29 ballot proposition shall contain a statement as to the
164 30 specific purpose or purposes for which the revenues shall be
164 31 expended and the date of expiration of the tax. The local
164 32 sales and services tax shall be imposed on the same basis,
164 33 with the same exceptions, and following the same
164 34 administrative procedures as provided for a county under
164 35 sections 422B.8 and 422B.9. The amount of the sale, for the
165 1 purposes of determining the amount of the local sales and
165 2 services tax under this section, does not include the amount
165 3 of any local sales and services tax imposed under sections
165 4 422B.8 and 422B.9.

165 5 Sec. 156. Section 29C.15, Code 2003, is amended to read as
165 6 follows:

165 7 29C.15 TAX=EXEMPT PURCHASES.

165 8 All purchases under the provisions of this chapter shall be
165 9 exempt from the taxes imposed by sections ~~422.43~~ 423.2 and
165 10 ~~423.2~~ 423.5.

165 11 Sec. 157. Section 99E.10, subsection 1, paragraph b, Code
165 12 2003, is amended to read as follows:

165 13 b. An amount equal to the product of the state sales tax
165 14 rate under section ~~422.43~~ 423.2 multiplied by the gross sales
165 15 price of each ticket or share sold shall be deducted as the
165 16 sales tax on the sale of that ticket or share, remitted to the
165 17 treasurer of state and deposited into the state general fund.

165 18 Sec. 158. Section 123.187, subsection 2, Code 2003, is
165 19 amended to read as follows:

165 20 2. A winery licensed or permitted pursuant to laws
165 21 regulating alcoholic beverages in a state which affords this
165 22 state an equal reciprocal shipping privilege may ship into
165 23 this state by private common carrier, to a person twenty-one
165 24 years of age or older, not more than eighteen liters of wine
165 25 per month, for consumption or use by the person. Such wine
165 26 shall not be resold. Shipment of wine pursuant to this
165 27 subsection is not subject to sales tax under section ~~422.43~~
165 28 423.2, use tax under section ~~423.2~~ 423.5, or the wine
165 29 gallonage tax under section 123.183, and does not require a
165 30 refund value for beverage container control purposes under
165 31 chapter 455C.

165 32 Sec. 159. Section 262.54, Code 2003, is amended to read as
165 33 follows:

165 34 262.54 COMPUTER SALES.

165 35 Sales, by an institution under the control of the board of
166 1 regents, of computer equipment, computer software, and
166 2 computer supplies to students and faculty at the institution
166 3 are retail sales under chapter ~~422, division IV~~ 423.

166 4 Sec. 160. Section 303.9, subsection 2, Code 2003, is
166 5 amended to read as follows:

166 6 2. The department may sell mementos and other items
166 7 relating to Iowa history and historic sites on the premises of
166 8 property under control of the department and at the state
166 9 capitol. Notwithstanding sections 18.12 and 18.16, the
166 10 department may directly and independently enter into rental
166 11 and lease agreements with private vendors for the purpose of
166 12 selling mementos. All fees and income produced by the sales
166 13 and rental or lease agreements shall be credited to the
166 14 account of the department. The mementos and other items sold
166 15 by the department or vendors under this subsection are exempt
166 16 from section 18.6. ~~The department is not a retailer under~~
166 17 ~~chapter 422 and the sale of such mementos and other items by~~
166 18 ~~the department is not a retail sale under chapter 422 and is~~
166 19 ~~exempt from the sales tax.~~

166 20 Sec. 161. Section 312.1, subsection 4, Code 2003, is
166 21 amended to read as follows:

166 22 4. To the extent provided in section ~~423.24~~ 423.43,
166 23 subsection 1, paragraph "b", from revenue derived from the use
166 24 tax, under chapter 423 on motor vehicles, trailers, and motor
166 25 vehicle accessories and equipment.

166 26 Sec. 162. Section 312.2, subsections 14 and 16, Code 2003,
166 27 are amended to read as follows:

166 28 14. The treasurer of state, before making the allotments
166 29 provided for in this section, shall credit monthly from the
166 30 road use tax fund to the general fund of the state from
166 31 revenue credited to the road use tax fund under section ~~423.24~~
166 32 423.43, subsection 1, paragraph "b", an amount equal to one=
166 33 twentieth of eighty percent of the revenue from the operation

166 34 of section ~~423.7~~ 423.26.

166 35 There is appropriated from the general fund of the state
167 1 for each fiscal year to the state department of transportation
167 2 the amount of revenues credited to the general fund of the
167 3 state during the fiscal year under this subsection to be used
167 4 for purposes of public transit assistance under chapter 324A.
167 5 16. The treasurer of state, before making the allotments
167 6 provided for in this section, shall credit monthly from the
167 7 road use tax fund to the motorcycle rider education fund
167 8 established in section 321.180B, an amount equal to one dollar
167 9 per year of license validity for each issued or renewed
167 10 driver's license which is valid for the operation of a
167 11 motorcycle. Moneys credited to the motorcycle rider education
167 12 fund under this subsection shall be taken from moneys credited
167 13 to the road use tax fund under section ~~423.24~~ 423.43.

167 14 Sec. 163. Section 321.20, subsection 5, Code 2003, is
167 15 amended to read as follows:

167 16 5. The amount of tax to be paid under section ~~423.7~~
167 17 423.26.

167 18 Sec. 164. Section 321.24, subsections 1 and 3, Code 2003,
167 19 are amended to read as follows:

167 20 1. Upon receipt of the application for title and payment
167 21 of the required fees for a motor vehicle, trailer, or
167 22 semitrailer, the county treasurer or the department shall,
167 23 when satisfied as to the application's genuineness and
167 24 regularity, and, in the case of a mobile home or manufactured
167 25 home, that taxes are not owing under chapter 435, issue a
167 26 certificate of title and, except for a mobile home or
167 27 manufactured home, a registration receipt, and shall file the
167 28 application, the manufacturer's or importer's certificate, the
167 29 certificate of title, or other evidence of ownership, as
167 30 prescribed by the department. The registration receipt shall
167 31 be delivered to the owner and shall contain upon its face the
167 32 date issued, the name and address of the owner, the
167 33 registration number assigned to the vehicle, the amount of the
167 34 fee paid, the amount of tax paid pursuant to section ~~423.7~~
167 35 423.26, the type of fuel used, and a description of the
168 1 vehicle as determined by the department, and upon the reverse
168 2 side a form for notice of transfer of the vehicle. The name
168 3 and address of any lessee of the vehicle shall not be printed
168 4 on the registration receipt or certificate of title. Up to
168 5 three owners may be listed on the registration receipt and
168 6 certificate of title.

168 7 3. The certificate of title shall contain upon its face
168 8 the identical information required upon the face of the
168 9 registration receipt. In addition, the certificate of title
168 10 shall contain a statement of the owner's title, the title
168 11 number assigned to the owner or owners of the vehicle, the
168 12 amount of tax paid pursuant to section ~~423.7~~ 423.26, the name
168 13 and address of the previous owner, and a statement of all
168 14 security interests and encumbrances as shown in the
168 15 application, upon the vehicle described, including the nature
168 16 of the security interest, date of notation, and name and
168 17 address of the secured party.

168 18 Sec. 165. Section 321.34, subsection 7, paragraph c, Code
168 19 2003, is amended to read as follows:

168 20 c. The fees for a collegiate registration plate are as
168 21 follows:

- 168 22 (1) A registration fee of twenty=five dollars.
- 168 23 (2) A special collegiate registration fee of twenty=five
168 24 dollars.

168 25 These fees are in addition to the regular annual
168 26 registration fee. The fees collected by the director under
168 27 this subsection shall be paid monthly to the treasurer of
168 28 state and credited by the treasurer of state to the road use
168 29 tax fund. Notwithstanding section ~~423.24~~ 423.43 and prior to
168 30 the revenues being credited to the road use tax fund under
168 31 section ~~423.24~~ 423.43, subsection 1, paragraph "b", the
168 32 treasurer of state shall credit monthly from those revenues
168 33 respectively, to Iowa state university of science and
168 34 technology, the university of northern Iowa, and the state
168 35 university of Iowa, the amount of the special collegiate
169 1 registration fees collected in the previous month for
169 2 collegiate registration plates designed for the university.
169 3 The moneys credited are appropriated to the respective
169 4 universities to be used for scholarships for students
169 5 attending the universities.

169 6 Sec. 166. Section 321.34, subsection 11, paragraph c, Code
169 7 2003, is amended to read as follows:

169 8 c. The special natural resources fee for letter number
169 9 designated natural resources plates is thirty=five dollars.

169 10 The fee for personalized natural resources plates is forty=
169 11 five dollars which shall be paid in addition to the special
169 12 natural resources fee of thirty=five dollars. The fees
169 13 collected by the director under this subsection shall be paid
169 14 monthly to the treasurer of state and credited to the road use
169 15 tax fund. Notwithstanding section ~~423.24~~ 423.43, and prior to
169 16 the crediting of revenues to the road use tax fund under
169 17 section ~~423.24~~ 423.43, subsection 1, paragraph "b", the
169 18 treasurer of state shall credit monthly from those revenues to
169 19 the Iowa resources enhancement and protection fund created
169 20 pursuant to section 455A.18, the amount of the special natural
169 21 resources fees collected in the previous month for the natural
169 22 resources plates.

169 23 Sec. 167. Section 321.34, subsection 11A, paragraph c,
169 24 Code 2003, is amended to read as follows:

169 25 c. The special fee for letter number designated love our
169 26 kids plates is thirty=five dollars. The fee for personalized
169 27 love our kids plates is twenty=five dollars, which shall be
169 28 paid in addition to the special love our kids fee of thirty=
169 29 five dollars. The fees collected by the director under this
169 30 subsection shall be paid monthly to the treasurer of state and
169 31 credited to the road use tax fund. Notwithstanding section
169 32 ~~423.24~~ 423.43, and prior to the crediting of revenues to the
169 33 road use tax fund under section ~~423.24~~ 423.43, subsection 1,
169 34 paragraph "b", the treasurer of state shall transfer monthly
169 35 from those revenues to the Iowa department of public health
170 1 the amount of the special fees collected in the previous month
170 2 for the love our kids plates. Notwithstanding section 8.33,
170 3 moneys transferred under this subsection shall not revert to
170 4 the general fund of the state.

170 5 Sec. 168. Section 321.34, subsection 11B, paragraph c,
170 6 Code 2003, is amended to read as follows:

170 7 c. The special fee for letter number designated motorcycle
170 8 rider education plates is thirty=five dollars. The fee for
170 9 personalized motorcycle rider education plates is twenty=five
170 10 dollars, which shall be paid in addition to the special
170 11 motorcycle rider education fee of thirty=five dollars. The
170 12 fees collected by the director under this subsection shall be
170 13 paid monthly to the treasurer of state and credited to the
170 14 road use tax fund. Notwithstanding section ~~423.24~~ 423.43, and
170 15 prior to the crediting of revenues to the road use tax fund
170 16 under section ~~423.24~~ 423.43, subsection 1, paragraph "b", the
170 17 treasurer of state shall transfer monthly from those revenues
170 18 to the department for use in accordance with section 321.180B,
170 19 subsection 6, the amount of the special fees collected in the
170 20 previous month for the motorcycle rider education plates.

170 21 Sec. 169. Section 321.34, subsection 13, paragraph d, Code
170 22 2003, is amended to read as follows:

170 23 d. A state agency may submit a request to the department
170 24 recommending a special registration plate. The alternate fee
170 25 for letter number designated plates is thirty=five dollars
170 26 with a ten dollar annual special renewal fee. The fee for
170 27 personalized plates is twenty=five dollars which is in
170 28 addition to the alternative fee of thirty=five dollars with an
170 29 annual personalized plate renewal fee of five dollars which is
170 30 in addition to the special renewal fee of ten dollars. The
170 31 alternate fees are in addition to the regular annual
170 32 registration fee. The alternate fees collected under this
170 33 paragraph shall be paid monthly to the treasurer of state and
170 34 credited to the road use tax fund. Notwithstanding section
170 35 ~~423.24~~ 423.43, and prior to the crediting of the revenues to
171 1 the road use tax fund under section ~~423.24~~ 423.43, subsection
171 2 1, paragraph "b", the treasurer of state shall credit monthly
171 3 the amount of the alternate fees collected in the previous
171 4 month to the state agency that recommended the special
171 5 registration plate.

171 6 Sec. 170. Section 321.34, subsection 21, paragraph c, Code
171 7 2003, is amended to read as follows:

171 8 c. The special fees collected by the director under this
171 9 subsection shall be paid monthly to the treasurer of state and
171 10 credited to the road use tax fund. Notwithstanding section
171 11 ~~423.24~~ 423.43, and prior to the crediting of revenues to the
171 12 road use tax fund under section ~~423.24~~ 423.43, subsection 1,
171 13 paragraph "b", the treasurer of state shall credit monthly to
171 14 the Iowa heritage fund created under section 303.9A the amount
171 15 of the special fees collected in the previous month for the
171 16 Iowa heritage plates.

171 17 Sec. 171. Section 321.34, subsection 22, paragraph b, Code
171 18 2003, is amended to read as follows:

171 19 b. The special school transportation fee for letter number
171 20 designated education plates is thirty=five dollars. The fee

171 21 for personalized education plates is twenty-five dollars,
171 22 which shall be paid in addition to the special school
171 23 transportation fee of thirty-five dollars. The annual special
171 24 school transportation fee is ten dollars for letter number
171 25 designated registration plates and is fifteen dollars for
171 26 personalized registration plates which shall be paid in
171 27 addition to the regular annual registration fee. The fees
171 28 collected by the director under this subsection shall be paid
171 29 monthly to the treasurer of state and credited to the road use
171 30 tax fund. Notwithstanding section ~~423.24~~ 423.43, and prior to
171 31 the crediting of revenues to the road use tax fund under
171 32 section ~~423.24~~ 423.43, subsection 1, paragraph "b", the
171 33 treasurer of state shall transfer monthly from those revenues
171 34 to the school budget review committee in accordance with
171 35 section 257.31, subsection 17, the amount of the special
172 1 school transportation fees collected in the previous month for
172 2 the education plates.

172 3 Sec. 172. Section 321F.9, Code 2003, is amended to read as
172 4 follows:

172 5 321F.9 OPTION TO PURCHASE == DEALER'S LICENSE.
172 6 Any person engaged in business in this state shall not
172 7 enter into any agreement for the use of a motor vehicle under
172 8 the terms of which ~~such that~~ person grants to another an
172 9 option to purchase ~~such the~~ motor vehicle without first having
172 10 obtained a motor vehicle dealer's license under the provisions
172 11 of chapter 322, and all sales of motor vehicles under such
172 12 options shall be subject to sales or use taxes imposed under
172 13 the provisions of ~~chapters 422 and~~ chapter 423. Nothing
172 14 contained in this section shall require such person to have a
172 15 place of business as provided by section 322.6, subsection 8.

172 16 Sec. 173. Section 327I.26, Code 2003, is amended to read
172 17 as follows:

172 18 327I.26 APPROPRIATION TO AUTHORITY.
172 19 Notwithstanding section ~~423.24~~ 423.43, and prior to the
172 20 application of section ~~423.24~~ 423.43, subsection 1, paragraph
172 21 "b", there shall be deposited into the general fund of the
172 22 state and is appropriated to the authority from eighty percent
172 23 of the revenues derived from the operation of section ~~423.7~~
172 24 423.26, the amounts certified by the authority under section
172 25 327I.25. However, the total amount deposited into the general
172 26 fund and appropriated to the Iowa railway finance authority
172 27 under this section shall not exceed two million dollars
172 28 annually. Moneys appropriated to the Iowa railway finance
172 29 authority under this section are appropriated only for the
172 30 payment of principal and interest on obligations or the
172 31 payment of leases guaranteed by the authority as provided
172 32 under section 327I.25.

172 33 Sec. 174. Section 328.26, unnumbered paragraph 2, Code
172 34 2003, is amended to read as follows:

172 35 When an aircraft is registered to a person for the first
173 1 time the fee submitted to the department shall include the tax
173 2 imposed by section ~~422.43~~ 423.2 or section ~~423.2~~ 423.5 or
173 3 evidence of the exemption of the aircraft from the tax imposed
173 4 under section ~~422.43~~ 423.2 or ~~423.2~~ 423.5.

173 5 Sec. 175. Section 331.557, subsection 3, Code 2003, is
173 6 amended to read as follows:

173 7 3. Collect the use tax on vehicles subject to registration
173 8 as provided in sections ~~423.6, 423.7, and 423.7A~~ 423.14,
173 9 423.26, and 423.27.

173 10 Sec. 176. Section 357A.15, unnumbered paragraph 2, Code
173 11 2003, is amended to read as follows:

173 12 A rural water district organized under chapter 504A shall
173 13 receive a refund of sales or use taxes upon submitting an
173 14 application to the department of revenue and finance for ~~such~~
173 15 the refund of taxes imposed upon the ~~gross receipts sales~~
173 16 price of all sales of building materials, supplies, or
173 17 equipment sold to a contractor or used in the fulfillment of a
173 18 written contract for the construction of facilities for ~~such~~
173 19 the rural water district to the same extent as a rural water
173 20 district organized under this chapter may obtain a refund
173 21 under section ~~422.45~~ 423.4, subsection ~~7~~ 1.

173 22 Sec. 177. Section 421.10, Code 2003, is amended to read as
173 23 follows:

173 24 421.10 APPEAL PERIOD == APPLICABILITY.
173 25 The appeal period for revision of assessment of tax,
173 26 interest, and penalties set out under section 422.28, ~~422.54~~
173 27 423.37, 437A.9, 437A.22, 452A.64, 453A.29, or 453A.46 applies
173 28 to appeals to notices from the department denying changes in
173 29 filing methods, denying refund claims, and denying portions of
173 30 refund claims for the tax covered by that section, and notices
173 31 of any department action directed to a specific taxpayer,

173 32 other than licensing, which involves a calculation.
173 33 Sec. 178. Section 421.17, subsection 22B, Code 2003, is
173 34 amended to read as follows:
173 35 22B. ~~Enter~~ To enter into agreements or compacts with
174 1 remote sellers, retailers, or third-party providers for the
174 2 voluntary collection of Iowa sales or use taxes attributable
174 3 to sales into Iowa ~~and to enter~~. The director has the
174 4 authority to enter into and perform all duties required of the
174 5 office of director by multistate agreements or compacts that
174 6 provide for the ~~voluntary~~ collection of sales and use taxes,
174 7 including joint audits with other states or audits on behalf
174 8 of other states. The agreements or compacts shall generally
174 9 conform to the provisions of Iowa sales and use tax statutes.
174 10 All fees for services, reimbursements, remuneration,
174 11 incentives, and costs incurred by the department associated
174 12 with these agreements or compacts may be paid or reimbursed
174 13 from the additional revenue generated. An amount is
174 14 appropriated from amounts generated to pay or reimburse all
174 15 costs associated with this subsection. Persons entering into
174 16 an agreement or compact with the department pursuant to this
174 17 subsection are subject to the requirements and penalties of
174 18 the confidentiality laws of this state regarding tax
174 19 information. Notwithstanding any other provisions of law, the
174 20 contract, agreement, or compact shall provide for the
174 21 registration, collection, report, and verification of amounts
174 22 subject to this subsection.
174 23 Sec. 179. Section 421.17, subsection 29, paragraph j, Code
174 24 2003, is amended to read as follows:
174 25 j. The department's existing right to credit against tax
174 26 due or to become due under section 422.73 or 423.47 is not to
174 27 be impaired by a right granted to or a duty imposed upon the
174 28 department or other state agency by this subsection. This
174 29 subsection is not intended to impose upon the department any
174 30 additional requirement of notice, hearing, or appeal
174 31 concerning the right to credit against tax due under section
174 32 422.73 or 423.47.
174 33 Sec. 180. Section 421.17, subsection 34, paragraph i, Code
174 34 2003, is amended to read as follows:
174 35 i. The director may distribute to credit reporting
175 1 entities and for publication the names, addresses, and amounts
175 2 of indebtedness owed to or being collected by the state if the
175 3 indebtedness is subject to the centralized debt collection
175 4 procedure established in this subsection. The director shall
175 5 adopt rules to administer this paragraph, and the rules shall
175 6 provide guidelines by which the director shall determine which
175 7 names, addresses, and amounts of indebtedness may be
175 8 distributed for publication. The director may distribute
175 9 information for publication pursuant to this paragraph,
175 10 notwithstanding sections 422.20, 422.72, and ~~423.23~~ 423.42, or
175 11 any other provision of state law to the contrary pertaining to
175 12 confidentiality of information.
175 13 Sec. 181. Section 421.26, Code 2003, is amended to read as
175 14 follows:
175 15 421.26 PERSONAL LIABILITY FOR TAX DUE.
175 16 If a licensee or other person under section 452A.65, a
175 17 retailer or purchaser under chapter 422A or 422B, or section
175 18 ~~422.52 423.31 or 423.33~~, or a retailer or purchaser under
175 19 section ~~423.13~~ 423.32 or a user under section ~~423.14~~ 423.34
175 20 fails to pay a tax under those sections when due, an officer
175 21 of a corporation or association, notwithstanding sections
175 22 490A.601 and 490A.602, a member or manager of a limited
175 23 liability company, or a partner of a partnership, having
175 24 control or supervision of or the authority for remitting the
175 25 tax payments and having a substantial legal or equitable
175 26 interest in the ownership of the corporation, association,
175 27 limited liability company, or partnership, who has
175 28 intentionally failed to pay the tax is personally liable for
175 29 the payment of the tax, interest, and penalty due and unpaid.
175 30 However, this section shall not apply to taxes on accounts
175 31 receivable. The dissolution of a corporation, association,
175 32 limited liability company, or partnership shall not discharge
175 33 a person's liability for failure to remit the tax due.
175 34 Sec. 182. Section 421.28, Code 2003, is amended to read as
175 35 follows:
176 1 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.
176 2 The immediate successor to a licensee's or retailer's
176 3 business or stock of goods under chapter 422A or 422B, or
176 4 section ~~422.52, 423.13, 423.14, 423.33~~ or 452A.65, is not
176 5 personally liable for the amount of delinquent tax, interest,
176 6 or penalty due and unpaid if the immediate successor shows
176 7 that the purchase of the business or stock of goods was made

176 8 in good faith that no delinquent tax, interest, or penalty was
176 9 due and unpaid. For purposes of this section the immediate
176 10 successor shows good faith by evidence that the department had
176 11 provided the immediate successor with a certified statement
176 12 that no delinquent tax, interest, or penalty is unpaid, or
176 13 that the immediate successor had taken in good faith a
176 14 certified statement from the licensee, retailer, or seller
176 15 that no delinquent tax, interest, or penalty is unpaid. When
176 16 requested to do so by a person with whom the licensee or
176 17 retailer is negotiating the sale of the business or stock of
176 18 goods, the director of revenue and finance shall, upon being
176 19 satisfied that such a situation exists, inform that person as
176 20 to the amount of unpaid delinquent tax, interest, or penalty
176 21 due by the licensee or the retailer. The giving of the
176 22 information under this circumstance is not a violation of
176 23 section 422.20, 422.72, or 452A.63.

176 24 Sec. 183. Section 421B.11, unnumbered paragraph 3, Code
176 25 2003, is amended to read as follows:

176 26 Judicial review of the actions of the director may be
176 27 sought in accordance with the terms of the Iowa administrative
176 28 procedure Act, and section ~~422.55~~ 423.38.

176 29 Sec. 184. Section 422.7, subsection 21, paragraph a,
176 30 subparagraph (1), unnumbered paragraph 1, Code 2003, is
176 31 amended to read as follows:

176 32 Net capital gain from the sale of real property used in a
176 33 business, in which the taxpayer materially participated for
176 34 ten years, as defined in section 469(h) of the Internal
176 35 Revenue Code, and which has been held for a minimum of ten
177 1 years, or from the sale of a business, as defined in section
177 2 ~~422.42~~ 423.1, in which the taxpayer was employed or in which
177 3 the taxpayer materially participated for ten years, as defined
177 4 in section 469(h) of the Internal Revenue Code, and which has
177 5 been held for a minimum of ten years. The sale of a business
177 6 means the sale of all or substantially all of the tangible
177 7 personal property or service of the business.

177 8 Sec. 185. Section 422.73, subsection 1, Code 2003, is
177 9 amended by striking the subsection.

177 10 Sec. 186. Section 422A.1, unnumbered paragraphs 1, 3, 7,
177 11 and 8, Code 2003, are amended to read as follows:

177 12 A city or county may impose by ordinance of the city
177 13 council or by resolution of the board of supervisors a hotel
177 14 and motel tax, at a rate not to exceed seven percent, which
177 15 shall be imposed in increments of one or more full percentage
177 16 points upon the ~~gross receipts~~ sales price from the renting of
177 17 sleeping rooms, apartments, or sleeping quarters in a hotel,
177 18 motel, inn, public lodging house, rooming house, manufactured
177 19 or mobile home which is tangible personal property, or tourist
177 20 court, or in any place where sleeping accommodations are
177 21 furnished to transient guests for rent, whether with or
177 22 without meals; except the ~~gross receipts~~ sales price from the
177 23 renting of sleeping rooms in dormitories and in memorial
177 24 unions at all universities and colleges located in the state
177 25 of Iowa and the guests of a religious institution if the
177 26 property is exempt under section 427.1, subsection 8, and the
177 27 purpose of renting is to provide a place for a religious
177 28 retreat or function and not a place for transient guests
177 29 generally. The tax when imposed by a city shall apply only
177 30 within the corporate boundaries of that city and when imposed
177 31 by a county shall apply only outside incorporated areas within
177 32 that county. "Renting" and "rent" include any kind of direct
177 33 or indirect charge for such sleeping rooms, apartments, or
177 34 sleeping quarters, or their use. However, the tax does not
177 35 apply to the ~~gross receipts~~ sales price from the renting of a
178 1 sleeping room, apartment, or sleeping quarters while rented by
178 2 the same person for a period of more than thirty-one
178 3 consecutive days.

178 4 A local hotel and motel tax shall be imposed on January 1,
178 5 April 1, July 1, or October 1, following the notification of
178 6 the director of revenue and finance. Once imposed, the tax
178 7 shall remain in effect at the rate imposed for a minimum of
178 8 one year. A local hotel and motel tax shall terminate only on
178 9 March 31, June 30, September 30, or December 31. At least
178 10 ~~forty-five~~ sixty days prior to the tax being effective or
178 11 prior to a revision in the tax rate, or prior to the repeal of
178 12 the tax, a city or county shall provide notice by mail of such
178 13 action to the director of revenue and finance.

178 14 No tax permit other than the state sales tax permit
178 15 required under section ~~422.53~~ 423.36 may be required by local
178 16 authorities.

178 17 The tax levied shall be in addition to any state sales tax
178 18 imposed under section ~~422.43~~ 423.2. Section 422.25,

178 19 subsection 4, sections 422.30, ~~422.48 to 422.52, 422.54 to~~
178 20 ~~422.58, 422.67, and 422.68, section 422.69, subsection 1, and~~
178 21 sections 422.70 to 422.75, section 423.14, subsection 1, and
178 22 sections 423.23, 423.24, 423.25, 423.31, 423.33, 423.35,
178 23 423.37 to 423.42, and 423.47, consistent with the provisions
178 24 of this chapter, apply with respect to the taxes authorized
178 25 under this chapter, in the same manner and with the same
178 26 effect as if the hotel and motel taxes were retail sales taxes
178 27 within the meaning of those statutes. Notwithstanding this
178 28 paragraph, the director shall provide for quarterly filing of
178 29 returns ~~as prescribed in section 422.51~~ and for other than
178 30 quarterly filing of returns ~~both as prescribed in section~~
178 31 ~~422.51, subsection 2 423.31.~~ The director may require all
178 32 persons, as defined in section ~~422.42~~ 423.1, who are engaged
178 33 in the business of deriving ~~gross receipts~~ any sales price
178 34 subject to tax under this chapter, to register with the
178 35 department.

179 1 Sec. 187. Section 422B.8, Code 2003, is amended to read as
179 2 follows:

179 3 422B.8 LOCAL SALES AND SERVICES TAX.

179 4 A local sales and services tax at the rate of not more than
179 5 one percent may be imposed by a county on the ~~gross receipts~~
179 6 sales price taxed by the state under chapter ~~422 423, division~~
179 7 IV subchapter II. A local sales and services tax shall be
179 8 imposed on the same basis as the state sales and services tax
179 9 or in the case of the use of natural gas, natural gas service,
179 10 electricity, or electric service on the same basis as the
179 11 state use tax and shall not be imposed on the sale of any
179 12 property or on any service not taxed by the state, except the
179 13 tax shall not be imposed on the ~~gross receipts~~ sales price
179 14 from the sale of motor fuel or special fuel as defined in
179 15 chapter 452A which is consumed for highway use or in
179 16 watercraft or aircraft if the fuel tax is paid on the
179 17 transaction and a refund has not or will not be allowed, on
179 18 the ~~gross receipts~~ sales price from the rental of rooms,
179 19 apartments, or sleeping quarters which are taxed under chapter
179 20 422A during the period the hotel and motel tax is imposed, on
179 21 the ~~gross receipts~~ sales price from the sale of equipment by
179 22 the state department of transportation, on the ~~gross receipts~~
179 23 sales price from the sale of self-propelled building
179 24 equipment, pile drivers, motorized scaffolding, or attachments
179 25 customarily drawn or attached to self-propelled building
179 26 equipment, pile drivers, and motorized scaffolding, including
179 27 auxiliary attachments which improve the performance, safety,
179 28 operation, or efficiency of the equipment and replacement
179 29 parts and are directly and primarily used by contractors,
179 30 subcontractors, and builders for new construction,
179 31 reconstruction, alterations, expansion, or remodeling of real
179 32 property or structures, and on the ~~gross receipts~~ sales price
179 33 from the sale of a lottery ticket or share in a lottery game
179 34 conducted pursuant to chapter 99E and except the tax shall not
179 35 be imposed on the ~~gross receipts~~ sales price from the sale or
180 1 use of natural gas, natural gas service, electricity, or
180 2 electric service in a city or county where the ~~gross receipts~~
180 3 sales price from the sale of natural gas or electric energy
180 4 are subject to a franchise fee or user fee during the period
180 5 the franchise or user fee is imposed. A local sales and
180 6 services tax is applicable to transactions within those
180 7 incorporated and unincorporated areas of the county where it
180 8 is imposed and shall be collected by all persons required to
180 9 collect state ~~gross receipts~~ sales taxes. However, a person
180 10 required to collect state retail sales tax under chapter ~~422~~
180 11 ~~423, division IV subchapter V or VI,~~ is not required to
180 12 collect local sales and services tax on transactions delivered
180 13 within the area where the local sales and services tax is
180 14 imposed unless the person has physical presence in that taxing
180 15 area. All cities contiguous to each other shall be treated as
180 16 part of one incorporated area and the tax would be imposed in
180 17 each of those contiguous cities only if the majority of those
180 18 voting in the total area covered by the contiguous cities
180 19 favor its imposition.

180 20 The amount of the sale, for purposes of determining the
180 21 amount of the local sales and services tax, does not include
180 22 the amount of any state ~~gross receipts taxes~~ sales tax.

180 23 A tax permit other than the state sales tax permit required
180 24 under section ~~422.53 or 423.10~~ 423.36 shall not be required by
180 25 local authorities.

180 26 If a local sales and services tax is imposed by a county
180 27 pursuant to this chapter, a local excise tax at the same rate
180 28 shall be imposed by the county on the purchase price of
180 29 natural gas, natural gas service, electricity, or electric

180 30 service subject to tax under chapter 423, subchapter III, and
180 31 not exempted from tax by any provision of chapter 423,
180 32 subchapter III. The local excise tax is applicable only to
180 33 the use of natural gas, natural gas service, electricity, or
180 34 electric service within those incorporated and unincorporated
180 35 areas of the county where it is imposed and, except as
181 1 otherwise provided in this chapter, shall be collected and
181 2 administered in the same manner as the local sales and
181 3 services tax. For purposes of this chapter, "local sales and
181 4 services tax" shall also include the local excise tax.
181 5 Sec. 188. Section 422B.9, subsections 1 and 2, Code 2003,
181 6 are amended to read as follows:
181 7 1. a. A local sales and services tax shall be imposed
181 8 either January 1 or July 1 following the notification of the
181 9 director of revenue and finance but not sooner than ninety
181 10 days following the favorable election and not sooner than
181 11 sixty days following notice to sellers, as defined in section
181 12 423.1. However, a jurisdiction which has voted to continue
181 13 imposition of the tax may impose that tax without repeal of
181 14 the prior tax.
181 15 b. A local sales and services tax shall be repealed only
181 16 on June 30 or December 31 but not sooner than ninety days
181 17 following the favorable election if one is held. However, a
181 18 local sales and services tax shall not be repealed before the
181 19 tax has been in effect for one year. At least forty days
181 20 before the imposition or repeal of the tax, a county shall
181 21 provide notice of the action by certified mail to the director
181 22 of revenue and finance.
181 23 c. The imposition of or a rate change for a local sales
181 24 and service tax shall not be applied to purchases from a
181 25 printed catalog wherein a purchaser computes the local tax
181 26 based on rates published in the catalog unless a minimum of
181 27 one hundred twenty days' notice of the imposition or rate
181 28 change has been given to the seller from the catalog and the
181 29 first day of a calendar quarter has occurred on or after the
181 30 one hundred twentieth day.
181 31 e- d. If a local sales and services tax has been imposed
181 32 prior to April 1, 2000, and at the time of the election a date
181 33 for repeal was specified on the ballot, the local sales and
181 34 services tax may be repealed on that date, notwithstanding
181 35 paragraph "b".
182 1 2. a. The director of revenue and finance shall
182 2 administer a local sales and services tax as nearly as
182 3 possible in conjunction with the administration of state ~~gross~~
182 4 ~~receipts sales~~ tax laws. The director shall provide
182 5 appropriate forms or provide on the regular state tax forms
182 6 for reporting local sales and services tax liability.
182 7 b. The ordinance of a county board of supervisors imposing
182 8 a local sales and services tax shall adopt by reference the
182 9 applicable provisions of the appropriate sections of ~~chapter~~
182 10 ~~422, division IV, and~~ chapter 423. All powers and
182 11 requirements of the director to administer the state ~~gross~~
182 12 ~~receipts sales~~ tax law and use tax law are applicable to the
182 13 administration of a local sales and services tax law and the
182 14 local excise tax, including but not limited to, the provisions
182 15 of section 422.25, subsection 4, sections 422.30, ~~422.48 to~~
182 16 ~~422.52, 422.54 to 422.58, 422.67, and 422.68, section 422.69,~~
182 17 ~~subsection 1, sections 422.70 to 422.75, 423.6, subsections 2~~
182 18 ~~to 4, and sections 423.11 to 423.18, and 423.21~~ section
182 19 423.14, subsection 1 and subsection 2, paragraphs "b" through
182 20 "e", and sections 423.15, 423.23, 423.24, 423.25, 423.31 to
182 21 423.35, 423.37 to 423.42, 423.46, and 423.47. Local officials
182 22 shall confer with the director of revenue and finance for
182 23 assistance in drafting the ordinance imposing a local sales
182 24 and services tax. A certified copy of the ordinance shall be
182 25 filed with the director as soon as possible after passage.
182 26 c. Frequency of deposits and quarterly reports of a local
182 27 sales and services tax with the department of revenue and
182 28 finance are governed by the tax provisions in section ~~422.52~~
182 29 423.31. Local tax collections shall not be included in
182 30 computation of the total tax to determine frequency of filing
182 31 under section ~~422.52~~ 423.31.
182 32 d. The director shall apply a boundary change of a county
182 33 or city imposing or collecting the local sales and service tax
182 34 to the imposition or collection of that tax only on the first
182 35 day of a calendar quarter which occurs sixty days or more
183 1 after the director has given notice of the boundary change to
183 2 sellers.
183 3 Sec. 189. Section 422C.2, subsections 4 and 6, Code 2003,
183 4 are amended to read as follows:
183 5 4. "Person" means person as defined in section ~~422.42~~

183 6 423.1.

183 7 6. "Rental price" means the consideration for renting an
183 8 automobile valued in money, and means the same as "~~gross~~
~~taxable services~~" "sales price" as defined in section ~~422.42~~

183 10 423.1.

183 11 Sec. 190. Section 422C.3, Code 2003, is amended to read as
183 12 follows:

183 13 422C.3 TAX ON RENTAL OF AUTOMOBILES.

183 14 1. A tax of five percent is imposed upon the rental price
183 15 of an automobile if the rental transaction is subject to the
183 16 sales and services tax under chapter ~~422~~ 423, ~~division IV~~
183 17 subchapter II, or the use tax under chapter 423, subchapter
183 18 III. The tax shall not be imposed on any rental transaction
183 19 not taxable under the state sales and services tax, as
183 20 provided in section ~~422.45~~ 423.3, or the state use tax, as
183 21 provided in section ~~423.4~~ 423.6, on automobile rental
183 22 receipts.

183 23 2. The lessor shall collect the tax by adding the tax to
183 24 the rental price of the automobile.

183 25 3. The tax, when collected, shall be stated as a distinct
183 26 item separate and apart from the rental price of the
183 27 automobile and the sales and services tax imposed under
183 28 chapter ~~422~~ 423, ~~division IV~~ subchapter II, or the use tax
183 29 imposed under chapter 423, subchapter III.

183 30 Sec. 191. Section 422C.4, Code 2003, is amended to read as
183 31 follows:

183 32 422C.4 ADMINISTRATION AND ENFORCEMENT.

183 33 All powers and requirements of the director of revenue and
183 34 finance to administer the state ~~gross receipts~~ sales tax law
183 35 under chapter ~~422~~, ~~division IV~~, 423 are applicable to the
184 1 administration of the tax imposed under section 422C.3,
184 2 including but not limited to section 422.25, subsection 4,
184 3 sections 422.30, ~~422.48 through 422.52, 422.54 through 422.58,~~
184 4 422.67, and 422.68, section 422.69, subsection 1, and sections
184 5 422.70 through 422.75, section 423.14, subsection 1, and
184 6 sections 423.15, 423.23, 423.24, 423.25, 423.31, 423.33,
184 7 423.35 and 423.37 through 423.42, 423.45, 423.46, and 423.47.

184 8 However, as an exception to the powers specified in section
184 9 ~~422.52, subsection 1~~ 423.31, the director shall only require
184 10 the filing of quarterly reports.

184 11 Sec. 192. Section 422E.1, subsection 1, is amended to read
184 12 as follows:

184 13 1. A local sales and services tax for school
184 14 infrastructure purposes may be imposed by a county on behalf
184 15 of school districts as provided in this chapter.

184 16 If a local sales and services tax for school infrastructure
184 17 is imposed by a county pursuant to this chapter, a local
184 18 excise tax for school infrastructure at the same rate shall be
184 19 imposed by the county on the purchase price of natural gas,
184 20 natural gas service, electricity, or electric service subject
184 21 to tax under chapter 423, subchapter III, and not exempted
184 22 from tax by any provision of chapter 423, subchapter III. The
184 23 local excise tax for school infrastructure is applicable only
184 24 to the use of natural gas, natural gas service, electricity,
184 25 or electric service within those incorporated and
184 26 unincorporated areas of the county where it is imposed and,
184 27 except as otherwise provided in this chapter, shall be
184 28 collected and administered in the same manner as the local
184 29 sales and services tax for school infrastructure. For
184 30 purposes of this chapter, "local sales and services tax for
184 31 school infrastructure" shall also include the local excise tax
184 32 for school infrastructure.

184 33 Sec. 193. Section 422E.3, subsections 1, 2, and 3, Code
184 34 2003, are amended to read as follows:

184 35 1. If a majority of those voting on the question of
185 1 imposition of a local sales and services tax for school
185 2 infrastructure purposes favors imposition of the tax, the tax
185 3 shall be imposed by the county board of supervisors within the
185 4 county pursuant to section 422E.2, at the rate specified for a
185 5 ten-year duration on the ~~gross receipts~~ sales price taxed by
185 6 the state under chapter ~~422~~ 423, ~~division IV~~ subchapter II.

185 7 2. The tax shall be imposed on the same basis as the state
185 8 sales and services tax or in the case of the use of natural
185 9 gas, natural gas service, electricity, or electric service on
185 10 the same basis as the state use tax and shall not be imposed
185 11 on the sale of any property or on any service not taxed by the
185 12 state, except the tax shall not be imposed on the ~~gross~~
185 13 ~~receipts~~ sales price from the sale of motor fuel or special
185 14 fuel as defined in chapter 452A which is consumed for highway
185 15 use or in watercraft or aircraft if the fuel tax is paid on
185 16 the transaction and a refund has not or will not be allowed,

185 17 on the ~~gross receipts sales price~~ from the rental of rooms,
185 18 apartments, or sleeping quarters which are taxed under chapter
185 19 422A during the period the hotel and motel tax is imposed, on
185 20 the ~~gross receipts sales price~~ from the sale of equipment by
185 21 the state department of transportation, on the ~~gross receipts~~
185 22 ~~sales price~~ from the sale of self-propelled building
185 23 equipment, pile drivers, motorized scaffolding, or attachments
185 24 customarily drawn or attached to self-propelled building
185 25 equipment, pile drivers, and motorized scaffolding, including
185 26 auxiliary attachments which improve the performance, safety,
185 27 operation, or efficiency of the equipment, and replacement
185 28 parts and are directly and primarily used by contractors,
185 29 subcontractors, and builders for new construction,
185 30 reconstruction, alterations, expansion, or remodeling of real
185 31 property or structures, and on the ~~gross receipts sales price~~
185 32 from the sale of a lottery ticket or share in a lottery game
185 33 conducted pursuant to chapter 99E and except the tax shall not
185 34 be imposed on the ~~gross receipts sales price~~ from the sale or
185 35 use of natural gas, natural gas service, electricity, or
186 1 electric service in a city or county where the ~~gross receipts~~
186 2 ~~sales price~~ from the sale of natural gas or electric energy
186 3 are subject to a franchise fee or user fee during the period
186 4 the franchise or user fee is imposed.

186 5 3. The tax is applicable to transactions within the county
186 6 where it is imposed and shall be collected by all persons
186 7 required to collect state ~~gross receipts sales~~ or local excise
186 8 taxes. However, a person required to collect state ~~retail~~
186 9 sales tax under chapter ~~422, division IV, 423~~ is not required
186 10 to collect local sales and services tax on transactions
186 11 delivered within the area where the local sales and services
186 12 tax is imposed unless the person has physical presence in that
186 13 taxing area. The amount of the sale, for purposes of
186 14 determining the amount of the tax, does not include the amount
186 15 of any state ~~gross receipts sales taxes~~ or excise taxes or
186 16 other local option sales or excise taxes. A tax permit other
186 17 than the state tax permit required under section ~~422.53 or~~
~~423.10 423.36~~ shall not be required by local authorities.

186 19 Sec. 194. Section 425.30, Code 2003, is amended to read as
186 20 follows:

186 21 425.30 NOTICES.

186 22 Section ~~422.57 423.39~~, subsection 1, shall apply to all
186 23 notices under this division.

186 24 Sec. 195. Section 425.31, Code 2003, is amended to read as
186 25 follows:

186 26 425.31 APPEALS.

186 27 Any person aggrieved by an act or decision of the director
186 28 of revenue and finance or the department of revenue and
186 29 finance under this division shall have the same rights of
186 30 appeal and review as provided in sections 421.1 and ~~422.55~~
186 31 ~~423.38~~ and the rules of the department of revenue and finance.

186 32 Sec. 196. Section 452A.66, unnumbered paragraph 1, Code
186 33 2003, is amended to read as follows:

186 34 The appropriate state agency shall administer the taxes
186 35 imposed by this chapter in the same manner as and subject to
187 1 section 422.25, subsection 4 and section ~~422.52, subsection 3~~
187 2 ~~423.35~~.

187 3 Sec. 197. Section 455B.455, Code 2003, is amended to read
187 4 as follows:

187 5 455B.455 SURCHARGE IMPOSED.

187 6 A land burial surcharge tax of two percent is imposed on
187 7 the fee for land burial of a hazardous waste. The owner of
187 8 the land burial facility shall remit the tax collected to the
187 9 director of revenue and finance after consultation with the
187 10 director according to rules that the director shall adopt.
187 11 The director shall forward a copy of the site license to the
187 12 director of revenue and finance which shall be the appropriate
187 13 license for the collection of the land burial surcharge tax
187 14 and shall be subject to suspension or revocation if the site
187 15 license holder fails to collect or remit the tax collected
187 16 under this section. The provisions of ~~sections section~~
187 17 ~~422.25, subsection 4, sections 422.30, 422.48 to 422.52,~~
~~422.54 to 422.58, 422.67, and 422.68, section 422.69,~~
187 19 subsection 1, ~~and sections 422.70 to 422.75, section 423.14,~~
187 20 ~~subsection 1, and sections 423.23, 423.24, 423.25, 423.31,~~
187 21 ~~423.33, 423.35, 423.37 to 423.42, and 423.47,~~ consistent with

187 22 the provisions of this part 6 of division IV, shall apply with
187 23 respect to the taxes authorized under this part, in the same
187 24 manner and with the same effect as if the land burial
187 25 surcharge tax were ~~retail~~ sales taxes within the meaning of
187 26 those statutes. Notwithstanding those provisions of this
187 27 ~~paragraph section~~, the director shall provide for only

187 28 quarterly filing of returns as prescribed in section ~~422.51~~
187 29 423.31. Taxes collected by the director of revenue and
187 30 finance under this section shall be deposited in the general
187 31 fund of the state.

187 32 Sec. 198. Section 455G.3, subsection 1, Code 2003, is
187 33 amended to read as follows:

187 34 1. The Iowa comprehensive petroleum underground storage
187 35 tank fund is created as a separate fund in the state treasury,
188 1 and any funds remaining in the fund at the end of each fiscal
188 2 year shall not revert to the general fund but shall remain in
188 3 the Iowa comprehensive petroleum underground storage tank
188 4 fund. Interest or other income earned by the fund shall be
188 5 deposited in the fund. The fund shall include moneys credited
188 6 to the fund under this section, section ~~423.24~~ 423.43,
188 7 subsection 1, paragraph "a", and sections 455G.8, 455G.9, and
188 8 455G.11, and other funds which by law may be credited to the
188 9 fund. The moneys in the fund are appropriated to and for the
188 10 purposes of the board as provided in this chapter. Amounts in
188 11 the fund shall not be subject to appropriation for any other
188 12 purpose by the general assembly, but shall be used only for
188 13 the purposes set forth in this chapter. The treasurer of
188 14 state shall act as custodian of the fund and disburse amounts
188 15 contained in it as directed by the board including automatic
188 16 disbursements of funds as received pursuant to the terms of
188 17 bond indentures and documents and security provisions to
188 18 trustees and custodians. The treasurer of state is authorized
188 19 to invest the funds deposited in the fund at the direction of
188 20 the board and subject to any limitations contained in any
188 21 applicable bond proceedings. The income from such investment
188 22 shall be credited to and deposited in the fund. The fund
188 23 shall be administered by the board which shall make
188 24 expenditures from the fund consistent with the purposes of the
188 25 programs set out in this chapter without further
188 26 appropriation. The fund may be divided into different
188 27 accounts with different depositories as determined by the
188 28 board and to fulfill the purposes of this chapter.

188 29 Sec. 199. Section 455G.6, subsection 4, Code 2003, is
188 30 amended to read as follows:

188 31 4. Grant a mortgage, lien, pledge, assignment, or other
188 32 encumbrance on one or more improvements, revenues, asset of
188 33 right, accounts, or funds established or received in
188 34 connection with the fund, including revenues derived from the
188 35 use tax under section ~~423.24~~ 423.43, subsection 1, paragraph
189 1 "a", and deposited in the fund or an account of the fund.

189 2 Sec. 200. Section 455G.8, subsection 2, Code 2003, is
189 3 amended to read as follows:

189 4 2. USE TAX. The revenues derived from the use tax imposed
189 5 under chapter ~~423, subchapter III~~. The proceeds of the use
189 6 tax under section ~~423.24~~ 423.43, subsection 1, paragraph "a",
189 7 shall be allocated, consistent with this chapter, among the
189 8 fund's accounts, for debt service and other fund expenses,
189 9 according to the fund budget, resolution, trust agreement, or
189 10 other instrument prepared or entered into by the board or
189 11 authority under direction of the board.

189 12 Sec. 201. Section 455G.9, subsection 2, Code 2003, is
189 13 amended to read as follows:

189 14 2. REMEDIAL ACCOUNT FUNDING. The remedial account shall
189 15 be funded by that portion of the proceeds of the use tax
189 16 imposed under chapter ~~423, subchapter III~~, and other moneys
189 17 and revenues budgeted to the remedial account by the board.

189 18 Sec. 202. Section 2.67, Code 2003, is repealed.

189 19 Sec. 203. CODE EDITOR DIRECTIVE. The Code editor is
189 20 directed to transfer Code chapter 423A to Code chapter 421A
189 21 and to transfer Code chapters 422A, 422B, 422C, and 422E to
189 22 Code chapters 423A, 423B, 423C, and 423E, respectively. The
189 23 Code editor is directed to correct Code references as required
189 24 due to the changes made in this Act.

SALES TAX ADVISORY COUNCIL

189 26 Sec. 204. IOWA STREAMLINED SALES TAX ADVISORY COUNCIL.

189 27 1. An Iowa streamlined sales tax advisory council is
189 28 created. The advisory council shall review, study, and submit
189 29 recommendations to the Iowa streamlined sales and use tax
189 30 delegation regarding the proposed streamlined sales and use
189 31 tax agreement formalized by the project's implementing sales
189 32 on November 12, 2002, the proposed language conforming Iowa's
189 33 sales and use tax to the national agreement, and the following
189 34 issues:

- 189 35 a. Uniform definitions proposed in the current streamlined
190 1 sales and use tax agreement and future proposals.
- 190 2 b. Effects upon taxability of items newly defined in Iowa.
- 190 3 c. Impacts upon business as a result of the streamlined

190 4 sales and use tax.
190 5 d. Technology implementation issues.
190 6 e. Any other issues that are brought before the
190 7 streamlined sales and use tax implementing state or the
190 8 streamlined sales and use tax governing board.
190 9 2. The department shall provide administrative support to
190 10 the Iowa streamlined sales tax advisory council. The advisory
190 11 council shall be representative of Iowa's business community
190 12 and economy when reviewing and recommending solutions to
190 13 streamlined sales and use tax issues. The advisory council
190 14 shall provide the general assembly and the governor with final
190 15 recommendations made to the Iowa streamlined sales and use tax
190 16 delegation upon the conclusion of each calendar year.
190 17 3. The director of revenue, in consultation with the Iowa
190 18 taxpayers association and the Iowa association of business and
190 19 industry, shall appoint members to the Iowa streamlined sales
190 20 tax advisory council, which shall consist of the following
190 21 members:
190 22 a. One member from the department of revenue and finance.
190 23 b. Three members representing small Iowa businesses, at
190 24 least one of whom must be a retailer, and at least one of whom
190 25 shall be a supplier.
190 26 c. Three members representing medium Iowa businesses, at
190 27 least one of whom shall be a retailer, and at least one of
190 28 whom shall be a supplier.
190 29 d. Three members representing large Iowa businesses, at
190 30 least one of whom shall be a retailer, and at least one of
190 31 whom shall be a supplier.
190 32 e. One member representing taxpayers as a whole.
190 33 f. One member representing the retail community as a
190 34 whole.
190 35 g. Any other member the director of revenue and finance
191 1 deems appropriate.
191 2 Sec. 205. EFFECTIVE DATE. Except for the section creating
191 3 the Iowa streamlined sales tax advisory council, this division
191 4 of this Act takes effect July 1, 2004.
191 5 DIVISION XV
191 6 CAPITOL COMPLEX PARKING STRUCTURE
191 7 Sec. 206. NEW SECTION. 18A.8 CAPITOL COMPLEX PARKING
191 8 STRUCTURE REVOLVING FUND.
191 9 A capitol complex parking structure revolving fund is
191 10 created in the state treasury. The capitol complex parking
191 11 structure revolving fund shall be administered by the
191 12 department of administrative services and shall consist of
191 13 moneys collected by the department as parking fees, moneys
191 14 appropriated to the fund by the general assembly, and any
191 15 other moneys obtained or accepted by the department for
191 16 deposit in the revolving fund. The proceeds of the revolving
191 17 fund are appropriated to and shall be used by the department
191 18 for costs associated with the management, operation, and
191 19 maintenance of the capitol complex parking structure located
191 20 at the intersection of Pennsylvania and Grand avenues in Des
191 21 Moines. The department shall submit an annual report not
191 22 later than January 31 to the members of the general assembly
191 23 and the legislative services agency, of the activities funded
191 24 by and expenditures made from the revolving fund during the
191 25 preceding fiscal year. Section 8.33 does not apply to any
191 26 moneys in the revolving fund and, notwithstanding section
191 27 12C.7, subsection 2, earnings or interest on moneys deposited
191 28 in the revolving fund shall be credited to the revolving fund.
191 29 Sec. 207. CAPITOL COMPLEX PARKING STRUCTURE MANAGEMENT ==
191 30 REQUEST FOR PROPOSALS. The department of administrative
191 31 services shall issue a request for proposals for the
191 32 management, operation, and maintenance of the state-owned
191 33 parking structure located at the intersection of Pennsylvania
191 34 and Grand avenues in Des Moines. The request for proposals
191 35 shall include all of the following services:
192 1 1. The collection of parking fees and administration of
192 2 parking permits.
192 3 2. Daily janitorial maintenance and necessary annual
192 4 maintenance, pursuant to standards outlined in the parking
192 5 garage maintenance manual published by the parking consultants
192 6 council of the national parking association.
192 7 3. Long-term structural maintenance.
192 8 Awarding of a contract for the management, operation, and
192 9 maintenance of the parking structure is subject to approval by
192 10 the general assembly.
192 11 Sec. 208. CAPITOL COMPLEX PARKING STRUCTURE == EMPLOYEE
192 12 PARKING FEES. The department of administrative services shall
192 13 establish reasonable parking fees for state employees for the
192 14 use of the state-owned parking structure located at the

192 15 intersection of Pennsylvania and Grand avenues in Des Moines.
192 16 Parking fees shall not be established or collected for use of
192 17 the parking structure by members of the general public. Such
192 18 fees shall be deposited in the capitol complex parking
192 19 structure revolving fund created in section 18A.8, as enacted
192 20 by this Act.

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192 23 Sec. 209. EFFECTIVE DATE. Unless otherwise provided in
192 24 this Act, this Act takes effect July 1, 2003.

192 25 HF 683
192 26 tm/es/25